

To: Members of the Corporate
Governance Committee

Date: 13 May 2014

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Dear Councillor

You are invited to attend a meeting of the **CORPORATE GOVERNANCE COMMITTEE** to be held at **9.30 am** on **WEDNESDAY, 21 MAY 2014** in **CONFERENCE ROOM 1A, COUNTY HALL, RUTHIN.**

Yours sincerely

G. Williams
Head of Legal and Democratic Services

AGENDA

PART 1 - THE PRESS AND PUBLIC ARE INVITED TO ATTEND THIS PART OF THE MEETING

1 APPOINTMENT OF CHAIR

To appoint a Chair of the Corporate Governance Committee for the ensuing year.

2 APPOINTMENT OF VICE CHAIR

To appoint a Vice Chair of the Corporate Governance Committee for the ensuing year.

3 APOLOGIES

4 DECLARATION OF INTERESTS

Members to declare any personal or prejudicial interests in any business identified to be considered at this meeting.

5 URGENT MATTERS

Notice of items, which in the opinion of the Chair should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act 1972.

6 MINUTES (Pages 5 - 18)

To receive the minutes of the Corporate Governance Committee meeting held on the 15th April, 2014.

7 PROCUREMENT REVIEW - SCHOOL BUILDING MAINTENANCE WORKS (Pages 19 - 34)

To consider a report by the Wales Audit Office (copy enclosed) on the external audit Procurement Review of School Building Maintenance Works.

8 DATA PROTECTION ACT (Pages 35 - 44)

To consider a report by the Head of Business Improvement and Modernisation (copy enclosed) which details breaches of the data protection act by the Council that have been subject to investigation by the Senior Information Risk Officer.

9 INTERNAL AUDIT ANNUAL REPORT 2013/14 (Pages 45 - 56)

To consider a report by the Head of Internal Audit (copy enclosed) which provides the Internal Audit Annual Report for 2013-14.

10 INTERNAL AUDIT ANNUAL ASSURANCE PLAN 2014/15 (Pages 57 - 62)

To consider a report by the Head of Internal Audit (copy enclosed) which provides the Internal Audit Annual Assurance Plan for 2014-15.

11 DELIVERING GOOD GOVERNANCE AND CONTINUOUS IMPROVEMENT (Pages 63 - 96)

To consider a report by the Head of Internal Audit (copy enclosed) which provides the final consultation on the self-assessment report on the Council's governance and improvement arrangements for 2013/14.

12 BUDGET PROCESS 2015/16 (Pages 97 - 100)

To consider a report by the Head of Finance and Assets (copy enclosed) which provides an update on the process to deliver the revenue budget for 2015/16.

13 FEEDBACK ON CORPORATE EQUALITY MEETING

To receive a verbal report by from Councillor M.L. Holland on the Corporate Equalities meeting.

14 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME (Pages 101 - 106)

To consider the Committee's Forward Work Programme (copy enclosed).

PART 2 - CONFIDENTIAL ITEMS

It is recommended in accordance with Section 100A(4) of the Local Government Act 1972, that the Press and Public be excluded from the meeting during consideration of the following item(s) of business because it is likely that exempt information (as defined in paragraph "[Insert Number]" of Part 4 of Schedule 12A of the Act would be disclosed.

MEMBERSHIP

Councillors

Brian Blakeley
Stuart Davies
Peter Duffy

Martyn Holland
Gwyneth Kensler
Jason McLellan

Lay Member

Paul Whitham

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CORPORATE GOVERNANCE COMMITTEE

Minutes of a meeting of the Corporate Governance Committee held in Council Chamber, Russell House, Rhyl on Tuesday, 15 April 2014 at 9.30 am.

PRESENT

Councillors Stuart Davies, Peter Duffy, Martyn Holland, Gwyneth Kensler (Vice-Chair) and Jason McLellan (Chair).

Councillor M.LI. Davies and J. Thompson-Hill attended as observers.

ALSO PRESENT

Head of Legal and Democratic Services (GW), Head of Internal Audit (IB), Chief Accountant (RW), Wales Audit Office Representatives (AV and GB) and Committee Administrator (CIW).

1 APOLOGIES

Apologies for absence were received from Councillors

2 DECLARATION OF INTERESTS

No Members declared any personal or prejudicial interests in any business identified to be considered at the meeting.

3 URGENT MATTERS

No items were raised which in the opinion of the Chair, should be considered at the meeting as a matter of urgency pursuant to Section 100B(4) of the Local Government Act, 1972.

4 MINUTES

The Minutes of a meeting of the Corporate Governance Committee held on 29th January, 2014.

Accuracy:- Mr P. Whitham (Lay Member), Councillor M.LI. Davies and Wales Audit Office Representatives (AV) had attended the Corporate Governance Committee meeting on the 29th January, 2014.

14. Future of Clwyd Leisure Limited:- The name "Hugh Jones" be amended to read "Huw Jones".

Matters arising:-

6. Treasury Management Strategy Statement 2014/15 and Update:- The Chief Accountant confirmed that information on past long-term loans had been sent to Councillor P.C. Duffy as requested.

7. People Strategy 2011/12 – Closure Report:- It was agreed by the HLDS that an overview of responses to Staff Surveys in 2011-13 be provided to the Committee.

In response to a request from Councillor Kensler, in relation to the Modernisation Board, the HLDS agreed that a list of all Boards be provided.

13. Corporate Governance Committee Work Programme:- In reply to a question from Councillor G.M. Kensler, the HIA explained that work was currently being undertaken regarding governance arrangements pertaining to Arms-Length Companies, and a report would be presented to Committee in July, 2014.

RESOLVED – *that the minutes be received and approved as a true and correct record.*

5 BUDGET PROCESS 2015/16

A copy of a report by the Head of Finance and Assets, which provided an update on the proposed process in the delivery of the revenue budget for 2015/16, had been circulated previously. The Council's approach to setting its revenue budget had been to incrementally reduce costs based on saving proposals from services and corporate budgets. The majority of proposals had been accepted and the process had delivered successful budgets.

Councillor J. Thompson-Hill introduced the report and explained that future settlements in the Corporate Plan had indicated that savings of approximately £12m might be required over the next two years and a new approach to savings might be required. Appendix 1 detailed how the process might work and further detail had been incorporated in the report. Budget saving targets would be divided into three strands for both 2015/16 and 2016/17 and a table indicating the strands, with approximate values, had been included in the report. The values for the first two strands could be estimated with a degree of certainty. The third strand would be more difficult to estimate and was currently shown as a balancing item to achieve a target of £12m savings over the next two years. Two services had undertaken pilot exercises which had been extremely useful in understanding how the new process would work. A summary of the Freedoms and Flexibilities (F&F) process had been outlined in the report.

The output from both the F&F and the service budget meetings would be collated and presented initially to SLT and then to three Member budget workshops in July, and a summary of the process had been included in the report. Budget workshops would provide an opportunity for wider Member input to the recommendations. Reference was made to Appendix 1 where the options were shown emerging from the Member workshops. Proposals supported by Members would be submitted to Council in September for approval. It was proposed that all budget workshops would be day events and a draft outline of the service areas focussed upon in each of the July workshops had been included. This would complete Phase 1 of the budget process and move into Phase 2. The same approval and consultation process would follow with more proposals being submitted to Council in December.

Phase 3 would be the most difficult stage of the budget to achieve as it was likely to include the most contentious proposals. The outcome of the first two phases would help plan the approach to the third and this may have to be revisited in the autumn.

Councillor Thompson-Hill provided a detailed summary of provisional key dates which had been indicated in a table included in the report, and he confirmed that some of the proposals submitted could be subject to public consultation.

Mr P. Whitham suggested that consideration be afforded to project or programme management with regard to the risk and mitigation process, which could assist the reporting mechanism in relation to summarising key issues. The CA outlined the process adopted to ensure that all proposals and details were captured for deliberation, and he provided details of the new template developed to assist the Freedoms and Flexibility process.

Councillor S.A. Davies emphasised the importance of Member involvement and the need for openness and transparency in the budget process.

The following response was provided to questions submitted and issues raised by Councillor G.M. Kensler:-

- Correspondence would be circulated to Members prior to budget meetings.
- Single Status work had been completed. However, elements pertaining to back pay would require finalisation.
- There had been minimal impact to date on the Council following the introduction of the Bedroom Tax.
- Issues pertaining to Town and Area Plans would be incorporated in the budget process, together with, Public Realm and Heritage issues.
- Details were provided of financial working practices in terms of Net and Gross figures.

In reply to concerns raised by Mr P. Whitham regarding the need for assurances that the budget process was acceptable and compliant, it was agreed to include in the timetable of key events the process review to be undertaken by CET, after the first two or three F&F meetings, and the inclusion of the provision for reporting the outcomes and progress of the review to the Corporate Governance Committee.

The CA agreed that details of the pilot exercises undertaken by two services could be presented to Council Briefing, together with, copies of the template to be utilised for all services which sets out the service budget over the functions and services it delivers. The HLDS and HIA provided details pertaining to the identification of the provision of Statutory Services by the Authority and the need to focus on potential outcomes.

Councillor J. Thompson-Hill referred to the key events programme and confirmed that it would not be viable to repeat sessions. He explained the onus would be on Members to attend meetings where possible or pursue any outcomes. The Committee agreed that details of Members invitations to attend meetings be included in the key events programme.

Following further discussion, it was:-

RESOLVED – *that, subject to the issues raised and comments made by Members, the Corporate Governance Committee:-*

- (a) receives and notes the contents of the report.*
- (b) agrees the inclusion, in the timetable of key events, the process review to be undertaken by CET, and provision for reporting the outcomes and progress of the review to the Corporate Governance Committee.*
- (c) requests that details of the pilot exercises, and copies of the template, be presented to Council Briefing, and*
- (d) agrees that details of Members invitations to attend meetings be included in the key events programme.*

6 INTERNAL AUDIT CHARTER

A report by the Head of Internal Audit (HIA), which presented the revised Internal Audit Charter, had been circulated previously.

The HIA explained that, following the team's move to the Business Improvement and Modernisation Service, the Committee were required to approve a revised Internal Audit Charter to take account of revised reporting lines. In January, 2014 the reporting lines of Internal Audit changed following their move from Finance and Assets to Business Improvement and Modernisation. The Public Sector Internal Audit Standards required the service to update the Charter to show its purpose, scope, authorisation, reporting lines, resourcing and arrangements for avoiding conflicts of interest. Full details had been included in the Charter in Appendix 1.

The Internal Audit Service (IAS) provided assurance and advice to all levels of management and Members on the quality of operations within the Council. It focused on governance, risk management, performance, efficiency and operational and financial control, all of which were essential to the achievement of the Corporate Priorities. It also carried out projects to ensure that the Council was on target to deliver its Corporate Priorities and specific projects to improve service efficiency and modernisation.

In response to a question from Councillor M.L. Holland, the HIA explained that he would, during the summer period, be examining the future interaction between Business, Improvement and Modernisation and the Internal Audit Service with a view to ensuring best working practice and avoiding any duplication of work.

RESOLVED – *that Corporate Governance Committee receives and approves the revised Internal Audit Charter.*

7 DRAFT INTERNAL AUDIT STRATEGY REPORT

A report by the Head of Internal Audit, which presents the draft strategy for the Internal Audit Service 2014/2015, had been circulated previously.

The Committee's Terms of Reference required it to consider the Audit Planning Strategy of the Council's Internal Audit Service (IAS), and the draft Internal Audit Strategy 2014-15 had been included as Appendix 1. The Strategy was an overview of where the service was likely to spend its time during 2014-15, pending a forthcoming review of how the Council could improve and co-ordinate its approach to providing assurance and service improvement.

The HIA was currently consulting with SLT and would work with other managers in Business Improvement and Modernisation to develop an approach to assurance and improvement work to culminate in a new Internal Audit Strategy from September.

The IAS provided assurance and advice to Members and all levels of management on the quality of operations within the Council. Its work focused on governance, risk management, performance, efficiency and operational and financial control, all of which were essential to achieving Corporate Priorities. It also carried out projects to ensure that the Council was on target to deliver its Corporate Priorities and specific projects to improve service efficiency and modernisation.

Mr P. Whitham referred to the Internal Audit Assurance Strategy 2014/15, Other Essential Work 15%, and any movement in the balance between Project Follow Up Work 50 days and Consultancy and Corporate Work 50 days. The HIA confirmed there had been little change in the figures and percentages since Internal Audit's move to the Business Improvement and Modernisation Service. Councillor M.L. Holland highlighted the importance of ensuring that there was no duplication of work.

The WAO Representative explained he was pleased to note the inclusion of a 100 days provision for Financial Assurance work. The HIA explained that the Chief Executive had recognised the importance of the retention of controls during the implementation of service reductions and budget pressures.

The HIA explained that new projects had been introduced which related to income controls and fraud prevention. Mr P. Whitham felt it would be important to ensure that controls were cost effective and addressed any identified risks.

RESOLVED – that Corporate Governance Committee receives and approves the proposed draft Internal Audit Strategy 2014-15.

8 INTERNAL AUDIT PROGRESS REPORT

A report by the Head of Internal Audit, which provided an update on Internal Audit's latest progress in terms of its service delivery, assurance provision, reviews completed, performance and effectiveness in driving improvement, had been circulated previously.

The report provided an update on the following:-

- delivery of our Assurance Plan for 2013/14 (Appendix 1)
- recent Internal Audit (IA) reports issued (Appendix 2)

- management's response to issues we have raised (Appendix 3)
- IA's performance (Appendix 4)

Details pertaining to the delivery of the Internal Audit Assurance Plan 2013/14 had been included in the report and Appendix 1 provided a breakdown of the work undertaken during 2013/14, compared to the Internal Audit Strategy. It included assurance scores and number of issues raised for the completed reviews, definitions used to form the audit assurance and the ratings used to assess the risk-levels for issues raised.

Following the service move tendering for external contracts, IT problems, implementing EDRMS and working on special investigations, IA had prioritised projects deemed as 'Essential Assurance' to ensure completion to at least draft report stage by the 31st March, 2014. Some projects would be deferred until after the 1st April, 2014 and form part of next year's assurance work.

The final IA reports issued since January, 2014 had been included in Appendix 2. Executive summary reports and action plans had been provided, together with, details of the colours for assurance ratings. Management's response to issues raised by IA had been summarised, and Appendix 3 detailed the follow up reviews completed since the previous report, including full details of the response to the Procurement of Construction Services follow up.

The HIA explained that IA measured its performance in two key areas:-

- Provision of 'Essential Assurance'
- 'Customer Standards'

Appendix 4 detailed IA's performance to date for 2013/14. IA were on target to deliver 100% of 'Essential Assurance' projects by the 31st March, 2014, and were expected to achieve 100% on all 'Customer Standards' with two exceptions:-

- one project had been given 8 working days' notice of a project commencement rather than the required 10 days.
- one project, due to work pressures, had been issued a draft report after 14 days rather than the agreed 10 days. The delay had been approved rather than compromise the quality of the draft report.

The HIA explained that a further more detailed plan, based on the Freedom and Flexibility Structure, would be submitted to the May, 2014 meeting of the Committee.

In response to concerns raised by Councillor P.C. Duffy, the HIA explained that the school themed visits in respect of physical security/health & safety, procurement, safeguarding and School Fund management had been postponed due to excessive workloads. However, they were scheduled to be undertaken as a matter of urgency.

Members considered the following final IA reports, as included in Appendix 2, and Management's response to issues raised by IA in Appendix 3:-

Procurement of Construction Services:- The HIA explained that this was a follow up report requested by the Committee, and that progress had not been as prompt as anticipated and this would be pursued.

Mr P. Whitham endorsed concerns expressed by Councillor G.M. Kensler that staff employed in posts on a temporary basis, or in an acting capacity, had not always ensured that action plans were rolled out and could be viewed as a risk. The HIA agreed to examine concerns raised by Councillor G.M. Kensler that Denbighshire did not maintain a corporate contracts register which could be used to address or resolve disputes with any of its contractors.

Concerns were expressed regarding the number of completion dates which had not been met, and to delays in updating and revising Contract Procurement Rules (CPRs) and Financial Regulations which may have expedited the failure to implement changes and actions. The HLDS confirmed that the CPs had been forwarded to the respective services for comments and were now being processed by the Legal Department prior to being forwarded for approval by the respective officers and Committees.

The HIA informed Members that a further follow up report on Procurement of Construction Services would be submitted in July, 2014.

Blessed Edward Jones RC High School:-

In response to concerns expressed by Councillor B. Blakeley, the HIA confirmed that vast improvements had taken place within the school and particular reference was made to the significance of the implementation school's financial recovery plan. The Committee highlighted the importance of the financial stewardship of the school and the role of the Clerk to the Governing Body.

Members agreed that the Committee receive a follow up report on the school in July, 2014 which should include details of the Action Plan.

Financial Payments to Care Leavers:-

The HIA explained that concerns had been expressed by the Head of Service regarding the number of cash payments being made, and the Chair expressed concern that the budget within the service had been expended prematurely.

Mr P. Whitham invited attention to reference having been made to the current payment process being unsustainable and the need for a review, and a decision being required for payment administration, and questioned if the examples provided related to the Freedoms and Flexibilities process. During the ensuing discussion, the HIA agreed that a further progress report in respect of Financial Payments to Care Leavers be submitted to the Committee following the completion of the scheduled programme of work.

RESOLVED – *that Corporate Governance Committee:-*

- (a) *receives and notes Internal Audit's progress and performance in 2013/14.*
- (b) *notes the recent Internal Audit reports issued and follow ups carried out.*
- (c) *agrees that further update reports be submitted in respect of:-*
 - *Procurement of Construction Services*
 - *Blessed Edward Jones RC High School*
 - *Financial Payments to Care Leavers*
- (d) *requests that the Head of Internal Audit examines issues raised pertaining to the maintenance of a corporate contracts register.*

9 ANNUAL FINANCIAL AUDIT ONLINE 2013/14 - NOTIFICATION OF CERTIFICATION OF 2012/13 ACCOUNTS

A report by the Head of Finance and Assets, which provided formal notification that the audit certification process for the 2012/13 Statement of Accounts had been completed, had been circulated previously.

The Chief accountant introduced the report and explained that the WAO report, Appendix 1, set out matters such as roles and responsibilities, the audit approach, reporting, key elements of audit engagement and the financial audit team, and provided formal notification that the audit certification process for the 2012/13 Statement of Accounts certification process had been formally concluded. External auditors were required to present the report to discharge their requirements under auditing standards and proper audit practices.

An outline of the financial audit work required for the 2013-14 financial statements had been included in the WAO report. The WAO representative provided information on the audit approach including the key audit risks which had been identified during the initial planning process and the actions proposed to address them. The financial audit work on risk areas would be used to inform the audit opinion on the financial statements.

Part of the statutory audit process allowed for the public inspection of the accounts and invited interested parties to raise questions and objections about transactions within the financial year. Questions had been raised on a number of topics directly with the Council and information and copies of various documents had been provided by the Council. Some of the same issues had been raised formally as objections under the same process with the WAO. When the accounts were signed off by the Council in September 2013, WAO were in correspondence with two members of the public who had raised objections. Confirmation was provided that all correspondence had been concluded and matters resolved. None of the objections raised under the public inspection process resulted in changes to the figures or supporting notes disclosed in the 2012/13 accounts.

The WAO representative provided details of the fee setting process and confirmed that information pertaining to the fees for the current year would be confirmed and reported to the Committee. He outlined the significance of the inclusion of the risk of management override of controls in all entities with regard to audit checks and procedures. The WOA representative also provided a summary of areas within the Annual Financial Audit Online which included details of the audit team and its

independence, timetable, roles and responsibilities and the Auditor General's Regulatory Programme.

In response to a question from Mr P. Whitham, the WAO representative provided details of the reporting process to the Corporate Governance Committee of the financial accounts work included in the timetable under exhibit 7, Page 13 of the WAO Report.

Following further discussion, it was:-

RESOLVED – *that Corporate Governance Committee:-*

- (a) receives and notes the content of the WAO report, and*
- (b) notes that the audit certification process had been formally concluded in respect of the 2012/13 Statement of Accounts.*

10 DELIVERING GOOD GOVERNANCE AND CONTINUOUS IMPROVEMENT

A report by the Head of Internal Audit, on the self-assessment report on the Council's governance and improvement arrangements for 2013/14, had been circulated previously.

The Committee had previously approved the Council's Annual Governance Statement. However, this report replaced that process by combining the previous governance self-assessment and corporate self-assessment.

The HIA explained it was good practice to consult widely on the self-assessment with Members and senior management and this was the commencement of the process. It had been considered to be good practice to develop an 'annual governance statement' (AGS) which formed part of the Council's Statement of Accounts. However, there had been some duplication between the self-assessment needed for the AGS and the corporate self-assessment which focused more on continuous improvement. The documents had now been combined to provide an innovative approach to save resources and provide a joined-up approach to self-assessment.

A Draft named 'Delivering good governance and continuous improvement', Appendix 1, was currently open for consultation with Members and senior management. This was an early draft and work was in progress and required further discussion, particularly with SLT. The final version would be signed by the CEO and Leader by the 30th June, 2014 and presented to the Committee with the Statement of Accounts. Details of the contribution of the self-assessment to the Corporate Priorities, and the consultation process, had been incorporated in the report.

The HIA explained that work was currently being undertaken in respect of the production of an Anti-Fraud and Corruption Policy and its future implementation, which would incorporate changes pertaining to the Bribery Act.

The HLDS informed Committee that the Whistleblowing Policy had not yet been formerly adopted. He explained that the All Wales Model Constitution had now been prepared, which incorporated a Whistleblowing Policy, and it would be examined and comparisons made with the Council's draft version of the Whistleblowing Policy which would be submitted to Council this year as part of the overall review.

During the ensuing discussion the following issues were raised by Mr P. Whitham and responses provided:-

- Reference was made to Page 97 of the report and clarification requested as to whether or not the development of key projects included the Procurement and Construction Services.
- In response to question from Mr Whitham regarding the provision of details on the Council's guidance on the review of Policies, the HIA explained that had intended to undertake a general review of the Council's Policy Framework.
- Reference was made to "the review of the Corporate Risk Register twice a year", Page 103 of the report, and it was suggested that this should indicate the inclusion of the involvement of the Corporate Governance Committee.
- Concern was expressed that no reference had been made to Information Management being as significant governance weakness, and it was suggested that reference to Access to Information, Freedom of Information and Data Protection be included on Page 103 of the report. The need for the provision of training in respect of Information Management, and the associated risks, was also highlighted. The Committee agreed that the Chairs and Vice Chairs Group be requested to look at the possibility of examining best practice in dealing with freedom of information requests.

The HLDS confirmed that the Corporate Information Manager had written to all Heads of Service requesting information regarding the receipt of repeat requests.

In response to a question from Councillor G.M. Kensler, the HLDS explained that the possibility of developing e-learning modules for Elected Members could be examined and could prove to be beneficial.

The WAO representative referred to the composition of the report and explained that there were certain SITFA requirements with which the Government directed compliance and inclusion in the document. The HIA made reference to the previous year's report and the improvement in Human Resources, and significantly Information Management. He also referred to areas identified for improvement in the Action Plan which could be included in an Appendix to the final version of the report.

Following further discussion, it was:-

RESOLVED – *that, subject to the issues raised by Members, the Committee notes the content and new approach to the combined self-assessment.*

11 MEMBER REPRESENTATION ON OUTSIDE BODIES - UPDATE

A copy of a report by the Head of Legal and Democratic Services (HLDS) had been circulated previously.

Members had previously considered a report on the Protocol for Members on Outside Bodies (OB's), and further information had been requested regarding the creation of a mechanism by which Members could report back to the Council on their work and the activities of the OB. The HLDS explained that the roles to which Members could be appointed on OB's could differ greatly. Some Members were appointed as Directors or Trustees, with both roles carrying specific legal duties and obligations to the body to which they had been appointed, and reference was made by the HLDS to the broad range of financial and reputational risks to the Authority. A description of the various roles had been incorporated in Appendix 1, the Protocol and Guidance for Elected Members appointed to OB's.

At its meeting in November, 2013, Members requested a list of OB's to which Members had been appointed as set out in the following categories:-

- Bodies which set a precept that the Council collects.
- Bodies to which the Council pays a subscription to be a Members.
- Bodies which receive a grant or other financial assistance from the Council.
- All other Outside Bodies.

The list had been included as Appendix 2. The Committee would need to consider the following issues when deciding how Members report back to the Council:-

- Whether there needs to be the same frequency and detail of reporting in respect of all OB's.
- Whether the frequency and detail of reporting depends on the level of risk posed to the Council e.g. financial, reputational.
- Directors and trustees will owe duties in law to the body to which they are appointed and may be bound by obligations of confidentiality to that body that restrict the level of detail included in any report.
- The forum to which the reports are made
- The potential overlap and duplication with the system of Annual Reports for Members on their activities as Councillors.

In reply to a question from Mr P. Whitham, the HLDS confirmed that the list of OB's, Appendix 2, was a working document and could be influenced by the Freedoms and Flexibilities process. With regard to the formation of companies by the Authority, it would be important to ensure a balance in respect of how it was managed and monitored.

A draft template report, Appendix 3, had been included for Members' consideration.

The Committee had been asked to consider issues set out in the report, which included how, when and to whom should Members report back, and to indicate their preferences to ensure a fuller consultation take place with all Members.

It was explained by the HLDS that the work of OB's could contribute to the delivery of the Council's priorities and regular information on their activities may assist the

Council in planning future activity. Some additional staff time could be incurred in administering the reporting process, but this should be contained within existing budget. The report was the commencement of a consultation with Members.

In considering the report the following views were expressed by Members and responses provided to questions presented:-

- Regular reports should be submitted by Member representatives on OB's which receive financial contributions from the Authority.
- Member representatives on OB's should report to Cabinet who are the appointing body.
- The need to produce a Corporate Policy to define the role of Member representatives on OB's.
- Concerns were raised regarding conflicts of interests, particular reference being made to Members appointed as Directors or Chairs of OB's.

The Chair and Members of the Committee felt that audit work currently being undertaken on arms-length organisations, and the review into the monitoring of Clwyd Leisure, could impact significantly on the mechanism adopted for Members on OB's reporting back to Council, and it was agreed that a further report be presented to the Committee following the completion of the work.

RESOLVED – *that Corporate Governance Committee:-*

- (a) receives and notes the contents of the report, and*
- (b) requests that a further report be submitted to the Committee following the completion of the audit work on arms-length organisations and the review into the monitoring of Clwyd Leisure.*

12 CORPORATE GOVERNANCE COMMITTEE WORK PROGRAMME

The Corporate Governance Committee's Forward Work Programme (FWP) (previously circulated) was presented for consideration.

The Committee confirmed the Corporate Governance Committee Forward Work Programme, subject to the inclusion of Business Items agreed during the course of the meeting.

The Committee agreed that a review of all decisions taken by the Committee, over the past 18 months, be undertaken to ensure that agreed actions had been included in the Committee's Forward Work Programme.

RESOLVED – *that:-*

- (a) subject to the above, the Committee approves the Forward Work Programme, and*
- (b) a review all decisions taken by the Committee over the past 18 months be undertaken.*

Meeting ended at 13.15 p.m.

Report To: Corporate Governance Committee

Date of Meeting: 21st May 2014

Lead Member / Officer: Councillor Julian Thompson-Hill /Paul McGrady

Report Author: Anthony Veale – Wales Audit Office

Title: Procurement Review – School Building Maintenance Works

1. What is the report about?

An external audit review of the above.

2. What is the reason for making this report?

To consider a report by the Wales Audit Office.

3. What are the Recommendations?

To consider the report, recommendations and the council's responses.

4. Report details

The report is attached as Appendix 1.

5. How does the decision contribute to the Corporate Priorities?

N/A

6. What will it cost and how will it affect other services?

N/A

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?

Not applicable to this report.

8. What consultations have been carried out with Scrutiny and others?

9. Chief Finance Officer Statement

The recommendations in this report build on actions raised and being addressed following an internal review.

10. What risks are there and is there anything we can do to reduce them?

The risks are considered in the Auditor's report.

11. Power to make the Decision

The Auditor's report has been prepared for the internal use of Denbighshire County Council as part of work performed in accordance with statutory functions, the Code of Audit Practice and the Statement of Responsibilities issued by the Auditor General for Wales.



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

Procurement review - School building maintenance works

Denbighshire County Council

March 2014

Document reference: 104A2014

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This document was produced by Derwyn Owen and Anthony Veale.

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Summary report

1. Following the receipt of correspondence from a contractor on the approved tender list, we conducted a review of Denbighshire County Council's (the Council) procurement arrangements in respect of schools' building maintenance works.
2. Our review focused on school building maintenance procured directly by the Council and did not cover school building maintenance procured directly by schools.
3. In respect of school building maintenance procured directly by the Council, the Council set a budget of £477,574 in the financial year 2012-13 and £545,678 for the 2013-14 financial year.
4. In carrying out our work, we took into account the findings of a recent Internal Audit review of 'Procurement of Construction Services' (October 2013).
5. We sought to answer the question: Are the Council's arrangements for procuring school building maintenance fit for purpose?
6. We concluded that improvements need to be made to the current procurement arrangements to ensure that the Council can demonstrate that it is achieving value for money. In addition, the Council is not fully complying with its contract procedure rules in respect of schools' building maintenance work.
7. We reached this conclusion because:
 - the current practices adopted by the Council for allocating work in respect of schools' building maintenance need to be more transparent;
 - whilst the Council has provided a rationale for allocating work to a small number of contractors, current processes need to improve to enable the Council to check and monitor work allocations;
 - the Council is not fully adhering to its current contract procedure rules;
 - arrangements to check the pricing of quotations submitted are inadequate;
 - the quality control arrangements in place need to be strengthened; and
 - arrangements to declare, manage and monitor relationships between Council officers and contractors need to improve.

Detailed report

Improvements need to be made to the current procurement arrangements to ensure that the Council can demonstrate that it is achieving value for money. In addition, the Council is not complying fully with its contract procedure rules

The current practices adopted by the Council for allocating work in respect of schools' building maintenance needs to be more transparent

8. Schools' building maintenance work is allocated to contractors who are on the Council's approved list of contractors. There are currently in the region of 280 contractors on the approved list. This list is used not only by school building maintenance procured directly by the Council but also by non-school public buildings, the agricultural estate, the industrial building portfolio, Design and Construction, Social Services, Housing Maintenance, Housing Regeneration and schools directly.
9. No information is provided by the Council about how contractors can apply to join the approved list either via their website or other forms of external communication.
10. The Council does not have an agreed procedure (or any form of established criteria) setting out the basis on which work allocations should be made to those included on the approved list. Such a procedure should be communicated to contractors who are already on the approved list and made available to contractors who wish to access the approved list.
11. We are told that contractors are selected to undertake work based upon an assessment of past performance, value for money, quality of work and in some cases at the request of the client (ie the school). Whilst our work found some evidence to support this basis for work allocation, the Council needs to improve its processes by:
 - clearly communicating to contractors how to apply and access the approved list;
 - establishing agreed procedures or criteria as to how contractors will be selected from the approved list in terms of work allocations; and
 - establishing agreed processes to evidence the selection of contractors from the approved list based on price, quality or past performance.

Whilst the Council has provided a rationale for allocating work to a small number of contractors, current processes need to improve to enable the Council to check and monitor work allocations

12. Our analysis of schools' building maintenance work allocations in 2012-13 identified:
 - a total of 1,291 invoices were paid against the budget of £477,574 to 52 companies;

- the trades provided by these companies included heating (three companies), electrical (two companies), roofing (two companies), general builders (seven companies) and specialist contractors (38 companies); and
 - of these works, 576 invoices were under £100, 504 invoices were between £100 and £500, 145 invoices were between £500 and £1,000 and 66 invoices over £1,000.
13. For the 2012-13 financial year, 39 per cent of the work in value terms was allocated to three contractors. These three contractors received nearly 43 per cent of the actual jobs allocated. For clarification, the highest paid contractor won the contract works through competitive tender.
14. Our analysis of schools' building maintenance work allocations in 2013-14 identified:
- a total of 857 invoices have been paid to date (total spend to date £404,544) against the budget of £477,574 to 52 companies;
 - the trades provided by these companies included: heating (three companies), electrical (two companies), specialist electrical (one company), roofing (two companies), general builders (eight companies) and specialist contractors (36 companies); and
 - of these works, 377 invoices were under £100, 297 invoices were between £100 and £500, 84 invoices were between £500 and £1,000 and 99 invoices over £1,000.
15. For the 2013-14 financial year to date, 34 per cent of the work in value terms has been allocated to three contractors. These three contractors received 45 per cent of the actual jobs allocated. For clarification, the third highest paid contractor to date won the contract works through competitive tender.
16. A more detailed breakdown of these figures is included in [Exhibit 1](#) below.

Exhibit 1: Three highest paid contractors for school building maintenance for the 2012-13 and 2013-14 financial years:

2012-13 financial year analysis		
Contractor	Value of work awarded as a percentage of the schools maintenance budget	Number of jobs awarded as a percentage of the total number of jobs
Highest paid contractor (Contractor A)	14.6%	12.2%
Second highest paid contractor (Contractor B)	13.6%	18.5%
Third highest paid contractor (Contractor C)	13.2%	7.6%

2013-14 financial year analysis		
Contractor	Value of work awarded as a percentage of the schools maintenance spend to date	Number of jobs awarded as a percentage of the total number of jobs
Highest paid contractor (Contractor B)	15.2%	28.4%
Second highest paid contractor (Contractor C)	11.0%	13.1%
Third highest paid contractor (Contractor A)	8.1%	3.3%

17. Following us presenting our initial findings, the Council has been able to provide us with a rationale for allocating these jobs to these three contractors based on price, specialism or geography for both the 2012-13 and 2013-14 financial years.
18. However, no performance management information is collated which details the level of spend and the number of jobs allocated to contractors during a particular period. This type of analysis would enable the Council to assess, scrutinise and challenge its allocation of work to contractors. More importantly, this analysis and assessment would enable the Council to better demonstrate that it was achieving value for money in respect of its procurement processes.

The Council is not fully adhering to its current contract procedure rules

19. One of the clauses in the Contract Procedure Rules per the Council's Constitution state:
'The Responsible Officer may dispose of the requirement to obtain competitive quotations or tenders for contracts with an estimated value of less than £10,000. However, the Responsible Officer shall keep in mind the requirements of best value for money. The Responsible Officer shall obtain, where practicable, one written quotation before a formal purchase order shall be issued.'
20. Our work identified that the Council did not, in a number of instances, obtain a minimum of one quote, prior to raising a purchase order. Our work confirmed that there were no practical reasons why a minimum of one quote was not obtained.

Arrangements to check the pricing of quotations submitted are inadequate

21. From an overall pricing perspective, our work identified that there are minimal arrangements in place for checking the quotations submitted by individual contractors on the basis that:
 - Not all jobs less than £10,000 are supported by a quotation.

-
- There is no documented evidence of price checking taking place for quotes that are received. It should be noted that reliance is placed on the technical and professional integrity of the appropriate officers being relied upon to undertake quality control checks.
 - There are no criteria in place for Council officers to select and check a sample of jobs quotes received against approved pricing lists.

The quality control procedures need to be strengthened

- 22.** In terms of the general quality control arrangements, we identified that:
- the level of checking is dependent on the type of works, ie larger jobs are subject to greater levels of quality control;
 - there are procedures in place for surveyors to document and evidence quality control checks (post-inspection reporting procedure);
 - the Help Desk performs a weekly spot check to confirm Post Inspection reports are being completed; and
 - on all types of works and orders, schools (clients) are sent questionnaires relating to contractor performance and maintenance team performance.
- 23.** Our work has identified a number of deficiencies in respect of the quality control procedures:
- the Council does not set criteria in respect of minimal levels of checking or target levels for checking quality;
 - the processes or procedures whereby surveyors can evidence quality checks are not being used consistently and as frequently as they should be; and
 - schools are seldom completing the feedback questionnaires.
- 24.** As such, limited performance management information is available to enable the Council to monitor and evaluate the performance of contractors and hence actively manage the approved list. The Council is therefore unable to effectively demonstrate that contractors are selected from the approved list on the basis of past performance and/or quality.

Arrangements to declare, manage and monitor relationships between Council officers and contractors need to improve

- 25.** Whilst there are corporate arrangements within the Council, there are no specific arrangements in place at a local level for officers to declare, manage and monitor relationships between Council officers and contractors. This is particularly important for those officers who are in a position to allocate contract work, check the quality of contract work and authorise the payment for works undertaken.
- 26.** In this respect, arrangements need to be put in place to ensure that declaration of interests are proactively managed and officers are regularly reminded of the importance and the requirement to declare any interests.



Appendix 1

Recommendations and action plan

Recommendation	Council's response	Implementation date
<p>The current practices adopted by the Council for allocating work in respect of schools' building maintenance need to be more transparent .</p> <p>The Council should review and strengthen their procedures in respect of their use of approved contractor lists. The Council should:</p> <ul style="list-style-type: none"> clearly communicate to contractors how to apply and access the approved list; establish agreed procedures or criteria as to how contractors will be selected from the approved list in terms of work allocations; and establish agreed processes to evidence the selection of contractors from the approved list based on price, quality or past performance. 	<p>Work is ongoing to establish framework arrangements for reactive maintenance works to all public buildings. This is in conjunction with the work being undertaken by the Construction Procurement Working Group which is considering procurement of construction projects corporately (not just within Property).</p> <p>While an approved list is likely to remain for specialist contractors and, in the medium term, contractors wishing to be considered for higher value non-reactive works, this will be advertised on the Council's website.</p> <p>The Proactis e-sourcing system being rolled out through the Strategic Procurement Unit will facilitate the selection of contractors and recording and monitoring of cost, quality and performance.</p>	<p>July 2014 for agreed ITT and consultation.</p> <p>User training will take place May/June 2014. System configuration for monitoring will commence once users have been trained.</p>

Recommendation	Council's response	Implementation date
<p>Whilst the Council has provided a rationale for allocating work to a small number of contractors, current processes need to improve to enable the Council to check and monitor work allocations</p> <ul style="list-style-type: none"> Management information needs to be available to enable Council officers to check and monitor the levels of work allocated to contractors. 	<p>No automated system currently in place. The Proactis e-sourcing system being rolled out through the Strategic Procurement Unit will provide an electronic information management tool for this purpose.</p>	<p>User training will take place May/June 2014. System configuration for monitoring will commence once users have been trained.</p>
<p>The Council is not fully adhering to its current contract procedure rules in respect of school building maintenance works.</p> <ul style="list-style-type: none"> Officers should be reminded of the requirement to obtain quotes for all works for less than £10,000 unless it can be demonstrated that a quote would not be practicable, eg for emergency works. 	<p>Evidence shows that over the last two years (2012/13 to February 2014) from a total of 2,148 jobs completed, 44.5% were for a value of less than £100 and 37.5% were for a value below £500. Only 7.5% of jobs were for a value over £1,000. Given the volume, diverse nature of the jobs and client expectations to have service delivery restored ASAP, it is not considered practicable in terms of internal resource (when coupled with the workload generated through planned, capital and client request works), customer needs and the availability of contractors willing to undertake reactive works, to routinely obtain quotes for reactive works.</p>	<p>April 2014</p>

Recommendation	Council's response	Implementation date
	A threshold of £1,000 anticipated cost for gaining a single quotation or documented justification for not doing so is suggested and this will be incorporated into the Facilities & Maintenance (F&M) procedures. This will be monitored by senior officers through the existing order/invoice approval measures.	
<p>Arrangements to check the pricing of quotations submitted are inadequate. The Council need to introduce appropriate and sufficient procedures with regards to price checking quotations. In this respect:</p> <ul style="list-style-type: none"> • criteria needs to be established to select and check a sample of jobs quotes received against approved pricing lists; • price checking needs to be clearly documented and evidenced; and • all jobs less than £10,000 should be supported by at least one quotation (unless there is a justifiable reason not to obtain a quote such as emergency works). 	<p>A process will be incorporated into the F&M procedures initially based on random selection of 25% of single quotes received to be reviewed by the relevant manager with the appropriate surveyor.</p> <p>Due to the diverse and sometimes specialist nature of reactive works, standard pricing guides are not readily available, particularly where local markets can dictate rates etc. Subsequently, the professional judgement of officers with recorded justification will need to be recognised as acceptable criteria.</p> <p>See previous note re: CPR's</p>	April 2014

Recommendation	Council's response	Implementation date
<p>The quality control procedures need to be strengthened.</p> <p>In this respect:</p> <ul style="list-style-type: none"> • criteria setting out minimal levels or target levels for quality checks are required; • surveyors need to ensure that they consistently and more frequently evidence quality checks; and • schools need to be actively reminded to complete feedback forms on a regular basis. 	<p>The existing F&M procedures require quality sign-off by surveyors. This is now being regularly monitored by management.</p> <p>The introduction of the Proactis e-sourcing system currently being rolled out through the Strategic Procurement Unit will provide an improved method for recording and monitoring information.</p> <p>As well as issuing feedback forms for schools to complete, the Building Maintenance Help Desk now also telephones schools in an effort to gain the feedback required on the questionnaire. Property do not have the remit to compel response nor the ability to sanction non-compliance.</p>	<p>Ongoing.</p> <p>User training will take place May/June 2014. System configuration for monitoring will commence once users have been trained.</p> <p>Auto-generated e-mails to clients will contain satisfaction questionnaires based on the current system.</p>
<p>Arrangements to declare, manage and monitor relationships between Council Officers and contractors needs to improve.</p> <ul style="list-style-type: none"> • Arrangements need to be put in place to ensure that declaration of interests are proactively managed and procurement officers are regularly reminded of the importance and the requirement to declare any interests. The Council should review its guidance and training procedures, particularly in respect of staff involved in procurement procedures. 	<p>A local arrangement for Property is now in place.</p>	



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Report To:	Corporate Governance Committee
Date of Meeting:	21st may 2014
Lead Member / Officer:	Barbara Smith – Lead Member for Modernisation Alan Smith – Head of Business Improvement & Modernisation.
Report Author:	Alan Smith
Title:	SIRO report for 2013/14

1. What is the report about?

The report covers the period April 2013 to March 2014 and details breaches of the data protection act by the Council that have been subject to investigation by the Senior Information Risk Officer (SIRO). It also covers complaints about the Council relating to Freedom of Information legislation that have been referred to the Information Commissioner, and provides some information about the Access to Information requests made to the Council.

2. What is the reason for making this report?

The Council's Data Protection Policy requires an annual report on progress to the Corporate Governance Committee to allow Member oversight of the process.

3. What are the Recommendations?

The contents of the report should be noted by the Committee.

4. Report details.

Deficits in our information management system have been a risk for the Council for several years. In response to this, a new approach has been put in place, including the appointment of a Corporate Information Manager and the review of key policies, particularly relating to Data Protection and Access to Information. Following these reviews, the Corporate Information Manager has published a strategic approach to information management in DCC and is reporting on progress to the Corporate Governance Committee on a regular basis.

These developments have helped to lessen the risks faced by the Council in this area, to the extent that the risk score on the corporate risk register has now been reduced. Key to these improvements has been the development of improved training, greater clarity in the systems we use, and rigour in reporting and managing information. Alongside the Data Protection Officer, the Senior Information Risk Owner (SIRO) has an explicit responsibility to ensure that information held by the council is managed safely, effectively and in accordance with the legislation. The

systems designed to ensure that these roles are carried out successfully depend on transparency and openness, so it especially important that Members have an oversight of the process.

This report is therefore designed to part of the new 'business as usual', in that it forms part of the commitments made in the Council's Data Protection and Access to Information policies. The appendices therefore detail some of the key actions in this area over the year to 31st March 2014, focusing on the Data Protection breaches reported to the SIRO (appendix A). Other information is included to inform Members: a list of complaints made to the Information Commissioners Office (ICO) about the Council, and the outcome (appendix B); statistics relating to the receipt of Access to information requests (Appendix C) and a table setting out the disputes handled by the Access to Information panel and the outcomes (Appendix D).

Members will note that there has been no major breach of the Data Protection Act by the Council in this period, although some have been considered to sufficiently serious to report them to the ICO. A common feature of many is the poor addressing of letters, so that personal information goes to an unintended recipient. Training and improved checking procedures can help reduce this sort of error, and ultimately, the increasing use of automatic systems will reduce this further. It is worth noting though, that the Council has so far avoided the significant losses of personal information that have befallen many organisations, often incurring significant civil penalties. However, it is the person whose data has been lost or incorrectly disclosed that is the real loser in these cases. As awareness of this amongst staff increases and our systems for managing information gradually improve, it is to be hoped that such breaches become more uncommon.

Members will also note the very high volume of access to information requests received by the Council, particularly under Freedom of Information legislation. Overall requests stand at more than 90 per month, a workload that is currently managed by one full time officer in the central team, but includes considerable time put in by nominated Information Management Officers (IMOs) in Services. These requests are concentrated on some areas more than others. The five most frequent areas of inquiry over the last few months have been:

1. Public Health Funerals (requests from businesses)
2. Business Rates (requests from businesses)
3. Bedroom Tax (requests from media, charities and lobby groups, politicians and individuals)
5. Empty Properties (requests from politicians, media, businesses, charities and lobby groups and individuals)
6. Social Housing (requests from media, charities and lobby groups, politicians and individuals)

Appendix D sets out the source of Access to Information requests to the Council for the year by requestor type.

In some cases, decisions regarding access to information were challenged by the requestor or there was not agreement internally about whether information held by the Council should be released or not. These cases were reviewed by a Panel chaired by the Head of Legal and Democratic Services. The panel met nine times during the year and reviewed 14 cases. Appendix E is a list of these, along with the outcome of each review.

7. How does the decision contribute to the Corporate Priorities?

This report supports the Council's objective to modernise, but is not directly linked to a corporate priority.

8. What will it cost and how will it affect other services?

There are no financial implications to consider.

9. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

No assessment is required as this report is for information only.

10. What consultations have been carried out with Scrutiny and others?

None, this report is for information only.

11. Chief Finance Officer Statement

Not required

12. What risks are there and is there anything we can do to reduce them?

The action of members scrutinising this report is part of the mitigation process of mitigating the corporate risk relating to information management.

13. Power to make the Decision

No decision is required.

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Appendix A

Data protection Breaches reported to the SIRO for the 12 months to March 2014

Reported breaches of DPA	Incident type	Service Area	Consequences	Referral to the ICO?	Case number	Actions taken by the Council
April 2013	Letter sent to wrong address	Legal & Democratic	Personal information shared with a neighbour. Letter recovered.	Yes	ENFO493202	Individuals notified and process explained Letter addressing procedure reviewed in Service. Revised policy circulated to SLT for information
July 2013	Letter sent to wrong address	Children's Services	Personal information shared with a neighbour. Letter recovered.	Yes	ENF0503612	Individual notified and process explained Address database updated.
July 2013	E-mail copied to other than intended recipient.	Head Teacher	Personal information copied to staff in the Council	No	n/a	Schools are their own data controllers.
Nov 2013	Letter sent to wrong address	Customers & Education Support	Information sent to wrong person	No	n/a	Individuals concerned notified.
Feb 2014	Copies of personal client records taken home and accidentally	Education & Children's Services	No loss of personal data	No	n/a	Procedure for issuing confidential records from Archives to be reviewed.

	destroyed					Disciplinary action considered.
Feb 2014	List of addresses lost on street.	Education	No permanent loss. Data recovered and returned to DCC	Finalising response to ICO	n/a	Individuals concerned notified. Disciplinary action considered.
March 2014	POVA minutes went astray within YGC after being sent in the post. Were sent by recorded delivery	Adult and Business Service	No permanent loss of data as letter recovered	Still investigating the facts	n/a	Advised Service to use secure encrypted e-mail in future
March 2014	Members iPad left on a plane	Legal & Democratic	No loss of data – remote wipe command sent to the device and was encrypted	No	n/a	Procedures for remote wipe followed.

Appendix B

Complaints made to ICO about DCC				
Sept 2013	Complaint made under FOIA to the ICO regarding Council's actions		FS50516555	No action required. ICO found in Council's favour
Feb 2014	Complaint made under FOIA to the ICO regarding Council's actions		FS50510588	No action required. ICO found that Section 40(2) had been correctly applied by the Council.
Feb 2014	Complaint made about the Council's policy on retaining HR files		RFA0527749	No action required. ICO found that the Council had acted correctly within the Records Management Society's guidelines.

Appendix C

Statistics for the period 1st April 2013 to 31st March 2014:

Total number of access to information requests received	1113
Total number of Freedom of Information requests received	872
Total number of Data Protection requests	140
Total number of Environmental Information requests received	101
% responded to within statutory timescales	84%

Appendix D - FOI/EIR/DP requests for the financial year 2013-2014

REQUESTOR TYPE	NUMBER OF REQUESTS
INDIVIDUALS	519
MEDIA	145
BUSINESS	126
OTHER	74
POLITICIANS, inc. Councillors (8)	74
CHARITIES & LOBBY GROUPS	41
OTHER AUTHORITIES	37
SOLICITORS	35
ACADEMICS	21
NHS	24
POLICE	8
UNIONS	7
INTERNAL	2

Appendix E – Access to information Panel meetings 2013 -2014

Date Of Panel	Ref No.	Subject	Outcome
17/04/2013	FOI 2013/2750	Internal review regarding Sec. 12(1)(where the cost of compliance exceeds the appropriate limit)	Original decision upheld
17/05/2013	FOI 2013/2784	Review regarding Sec. 43(2)(commercial interests)	Redaction to be carried out

22/07/2013	FOI 2013/2903	Internal review regarding Sec. 40(2)(personal information)	Original decision upheld
	FOI 2013/2909	Internal review regarding Sec. 1(1)(a) information not held	Original decision upheld
	FOI 2013/2916	Internal review regarding Sec. 1(1)(a) information not held	Original decision upheld
13/08/2013	FOI 2013/2750	ICO review - Original decision upheld	Respond as appropriate
05/09/13	FOI 2013/3025	Review regarding Sec. 43(2)(commercial interests)	Exemption engaged
	FOI 2013/3036	Review regarding Sec. 43(2)(commercial interests)	Clarification to be sought from requestor
	DP 2013/424 :	Internal review regarding CCTV footage, subject not present in requested footage	Original decision upheld
18/09/13	DP 2013/480	Review regarding Sec. 29 request	Request refused, not explicit
23/10/13	DP 2013/489	Review regarding CCTV footage of officers issuing PCN	Footage released
02/12/13	EIR 2013/373		Extended deadline under Reg. 7(1)(3)
25/02/14	FOI 2013/3345	Review regarding Sec. 12(1)(where the cost of compliance exceeds the appropriate limit)	Exemption not upheld, information provided

	FOI 2014/3539	Review and general discussion regarding Sec. 31(1)(a)(Law enforcement) and Public Health Funerals	Exemption engaged
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Report To: Corporate Governance Committee

Date of Meeting: 21 May 2014

Lead Member / Officer: Barbara Smith – Lead Member for Modernising & Performance
Ivan Butler – Head of Internal Audit

Report Author: Ivan Butler – Head of Internal Audit

Title: Internal Audit Annual Report 2013-14

1. What is the report about?

This report provides the Committee with the Internal Audit Annual Report for 2013-14 that provides the Head of Internal Audit's overall opinion on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year that informs the 'annual governance statement'.

2. What is the reason for making this report?

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee's terms of reference require it to consider the annual report of the internal auditors.

3. What are the Recommendations?

The Committee considers and comments on the Head of Internal Audit's annual report and overall 'opinion'.

4. Report details

The Internal Audit Report 2013-14 is included as Appendix 1 and shows:

- that the Head of Internal Audit has provided 'medium assurance' in the overall adequacy and effectiveness of the Council's internal control environment, including its arrangements for governance and risk management;
- there are no qualifications attached to the Head of Internal Audit's 'opinion';
- the level of work that Internal Audit carried out to arrive at this overall 'opinion';
- how Internal Audit complies with the PSIAS; and
- a summary of Internal Audit's good performance during the year.

5. How does the decision contribute to the Corporate Priorities?

Although this report has no direct contribution to the Corporate Priorities, there is no decision required.

6. What will it cost and how will it affect other services?

There are no costs attached to this report, as it is information only.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

8. What consultations have been carried out with Scrutiny and others?

There is no requirement for consultation on this report, as it provides the Head of Internal Audit's independent and objective 'opinion'.

9. Chief Finance Officer Statement

There are no financial implications attached to this report, as it is information only.

10. What risks are there and is there anything we can do to reduce them?

There are no risks attached to this report, as it is information only.

11. Power to make the Decision

There is no decision required for this report but there is a requirement under the local Government (Wales) Measure 2011 for the 'audit committee' to review and assess the Council's risk management, internal control and corporate governance arrangements and to oversee the Council's internal audit arrangements.

Internal Audit Annual Report 2013-14

Ivan Butler MBA, CMIIA
Head of Internal Audit Services

May 2014

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The requirement for an annual internal audit report

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control and incorporate:

- the 'opinion';
- a summary of the work that supports the 'opinion';
- a statement on conformance with the PSIAS; and
- the results of the internal audit service's quality assurance and improvement programme.

Annual Internal Audit Opinion

In the Head of Internal Audit's opinion, Denbighshire County Council can have 'medium' assurance in the overall adequacy and effectiveness of its internal control environment, including its arrangements for governance and risk management.

There are no qualifications to this opinion.

In forming this opinion, the Head of Internal Audit has used the same assurance ratings that Internal Audit uses in its reports.

Green	High Assurance	Risks and controls well managed
Yellow	Medium Assurance	Risks identified but are containable at service level
Amber	Low Assurance	Risks identified that require meeting with Director/Lead Member
Red	No Assurance	Significant risks identified that require member / officer case conference

The Head of Internal Audit has based his 2013–14 'Opinion' on:

- the scope and outcome of Internal Audit's work during the year;
- Internal Audit report opinions and assurance ratings;
- the issues and risks that Internal Audit has raised during the year;
- the effectiveness of management's response to the issues and risks that Internal Audit has raised; and
- the outcome of the Council's review of its Corporate Governance Framework and governance arrangements 2013–14.

Summary of work supporting the 'Opinion'

The Head of Internal Audit provides regular progress reports to the Corporate Governance Committee that includes:

- an update on progress with delivery of the annual audit assurance plan;
- details of audit reports issued;
- details of follow-up work carried out; and
- service performance.

Internal Audit issued 24 audit opinions during the year, categorised as follow:

Green	High Assurance	4
Yellow	Medium Assurance	18
Amber	Low Assurance	2
Red	No Assurance	0

During the year, Internal Audit provided the following audit opinions:

Area of Work	Status of Project	Assurance Rating	Comments
Financial Assurance			
Financial systems (Ruthin) – Activedata testing 2012/13	Complete	Medium	
Financial Assurance 2013/14 – Ruthin-based services	Draft report	Medium	Discussing draft report and agreeing action plan
Financial Assurance 2013/14 – Rhyl-based services	Complete	High	
Grants & Certification			
Breakfast Initiative Grant	Complete	High	
WG Student Finance certification	Complete	High	
Sustainability/Carbon Reduction	Complete	High	
WG 6th Form Funding – Ysgol Brynhyfryd	Complete	Medium	
WG 6th Form Funding – Denbigh High School	Draft report	Medium	Discussing draft report and agreeing action plan
Corporate Governance Assurance			
Procurement of Construction Services	Complete	Low	Recent follow up shows lack of progress with improvement actions
Customer Services – Complaints & Standards	Draft report	Medium	Discussing draft report and agreeing action plan

Area of Work	Status of Project	Assurance Rating	Comments
Partnerships & Collaboration – New Works Connections	Complete	Medium	
Partnerships & Collaboration – North Wales Commissioning Hub	Complete	Medium	
Project Management – Rhyl Foryd Harbour Pedestrian & Cycle Bridge	Draft report	Low	Discussing draft report and agreeing action plan
Project Management – Ysgol Twm O'r Nant, Denbigh	Draft report	Medium	Discussing draft report and agreeing action plan
Project Management – West Rhyl Housing Improvement Programme	Complete	Medium	
Risk-based Projects Assurance			
Fostering Service	Complete	Medium	
Housing Services	Complete	Medium	
Countryside Operations	Complete	Medium	
Welfare Advice	Complete	Medium	
Blessed Edward Jones High School, Rhyl	Complete	Medium	
Corporate Health & Safety Management	Complete	Medium	
Residential Care Homes	Complete	Medium	
Deputy for Finance (Court of Protection)	Complete	Medium	
Public Conveniences	Complete	Medium	

Internal Audit also reviewed all high inherent risks from the Corporate Risk Register during the year and provided positive feedback on the management of these risks.

Compliance with internal auditing standards

The objectives of the PSIAS are to:

- define the nature of internal auditing within the UK public sector;
- set basic principles for carrying out internal audit in the UK public sector;
- establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- establish the basis for the evaluation of internal audit performance and to drive improvement planning.

Throughout the year, the Council's Internal Audit Service has complied with the PSIAS by:

- abiding by the PSIAS Code of Ethics, which provides guidance on integrity, objectivity, confidentiality and competency;
- clearly setting out and agreeing its purpose, authority and responsibility in its new Internal Audit Charter;
- providing an independent and objective service;
- delivering its service with proficiency and due professional care;
- maintaining a robust quality assurance and improvement programme;
- having effective management, ensuring that it provides added value to the Council;
- evaluating and contributing to the improvement of the Council's governance, risk management and control processes;
- planning its work effectively;
- performing audit projects effectively;
- communicating results of its work;
- following up the outcome of its work; and
- resolution of senior management's acceptance of risks.

Internal Audit's performance

Internal Audit measures its performance in two key areas:

- Provision of 'Essential Assurance' – These projects ensure that the Council delivers its S151 Officer obligations, is managing its main corporate risks and has robust arrangements in place for corporate governance and delivery of its corporate priorities.
- 'Customer Standards' – A range of indicators to ensure that Internal Audit delivers a good service to its customers.

The results below show that, overall, the service delivered 97% of 'Essential Assurance' projects during the year, with just one project not completed. This was a Strategic HR project that will be completed during April/May 2014 and is currently in progress. Not completing this project has not had a detrimental impact on the Head of Internal Audit's annual audit opinion.

The service delivered 100% performance on our 'Customer Standards' with two exceptions:

- For one project, the service gave 8 working days' notice of a project commencement rather than the required 10 days.
- For one project, due to work pressures, the service issued a draft report after 14 days rather than the agreed 10 days. The Head of Internal Audit approved this delay rather than compromise the quality of the draft report.

Essential Assurance – all targets 100%
Review of agreed Financial Assurance areas in Assurance Plan by 31/03/14
Completed 100% of the planned projects to at least draft report stage
Review of agreed Grants & Certification Assurance areas in Assurance Plan by 31/03/14
Completed 100% of the planned projects to at least draft report stage
Review of agreed Corporate Governance Assurance areas in Assurance Plan by 31/03/14
Completed 92% of the planned projects, with just one project not completed to draft report stage.
Review of agreed High Corporate Risk Assurance areas in Assurance Plan by 31/03/14
Completed 100% of the planned projects.

Customer Standards – all targets 100%

Contact customers at least 2 weeks in advance to arrange a suitable date for our visit

Actual performance for the year was 94%. Shorter notice given to customer in one case.

Send customers the agreed Project Scoping Document before we commence work

Actual performance for the year was 100%.

Send the customer a draft report within 10 working days of the closing meeting

Actual performance for the year was 94%. One draft report issued in 14 days due to pressure of work in the service.

Send the customer our final audit report within 5 working days of agreeing the draft

Actual performance for the year was 100%.

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Report To: Corporate Governance Committee

Date of Meeting: 21 May 2014

Lead Member / Officer: Barbara Smith – Lead Member for Modernising & Performance
Ivan Butler – Head of Internal Audit

Report Author: Ivan Butler – Head of Internal Audit

Title: Internal Audit Annual Assurance Plan 2014-15

1. What is the report about?

This report provides the Committee with the Internal Audit Annual Assurance Plan for 2014-15. The Plan provides details of the proposed Internal Audit projects for the year that will allow the Head of Internal Audit to provide an 'opinion' on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year.

2. What is the reason for making this report?

The Public Sector Internal Audit Standards (PSIAS) require the 'chief audit executive' to develop a risk-based internal audit plan that takes into account the requirement to deliver an annual internal audit opinion and report that the organisation can use to inform its governance statement. This Committee's terms of reference require it to consider internal audit's planning strategy.

3. What are the Recommendations?

The Committee considers and comments on the Internal Audit Assurance Plan 2014-15.

4. Report details

Corporate Governance Committee considered and commented on the Internal Audit Strategy 2014-15 at its meeting on 15 April 2014. The Strategy provided an overview of where Internal Audit was likely to spend its time during 2014-15 following its recent move to the Business Improvement & Modernisation service. At that stage, the Head of Internal Audit was still consulting senior management on a more detailed operational plan.

The proposed plan of work is included as Appendix 1, which will allow the Head of Internal Audit to provide an overall 'opinion' in his annual report for 2014-15. This Committee will receive regular updates on progress with delivery of the Plan.

5. How does the decision contribute to the Corporate Priorities?

There is no direct contribution to the Corporate Priorities, but some projects in the Plan will review Corporate Priority areas and will potentially help with their delivery.

6. What will it cost and how will it affect other services?

There are no costs attached to this report.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

8. What consultations have been carried out with Scrutiny and others?

The Head of Internal Audit has met with all members of the Corporate Executive Team and Senior Leadership Team to discuss proposed Internal Audit work.

9. Chief Finance Officer Statement

There are no financial implications attached to this report.

10. What risks are there and is there anything we can do to reduce them?

Failure to deliver an adequate level of internal audit may mean that the Head of Internal Audit cannot provide an annual 'opinion' on the adequacy and effectiveness of the Council's framework of governance, risk and control during the year. This would potentially lead to a significant governance issue being raised in the Council's 'annual governance statement' at the end of the financial year.

11. Power to make the Decision

There is no decision required for this report but there is a requirement under the local Government (Wales) Measure 2011 for the 'audit committee' to review and assess the Council's risk management, internal control and corporate governance arrangements and to oversee the Council's internal audit arrangements.

Internal Audit Annual Assurance Plan 2014-15

Ivan Butler MBA, CMIIA
Head of Internal Audit Services

May 2014

Area of review	Main rationale for review	Plan days
Ruthin-based Financial Services – Activedata testing	Provide financial assurance on 2012/13 transactions in key financial systems for S151 Officer & IA Annual report and to identify potential fraud and/or inaccurate data	16
Ruthin-based Financial Services	Financial assurance on key financial systems for S151 Officer, IA Annual report & governance framework	38
Rhyl-based Financial Services	Financial assurance on key financial systems for S151 Officer, IA Annual report & governance framework	49
WG education grant certification	Assurance to WG on proper administration of grant funding	10
WG 6th Form Funding	Assurance to WG on proper administration of funding	30
WG PLASC return certification	Assurance to WG on proper administration of funding	10
Partnerships & collaboration	Various projects to provide assurance on partnership arrangements for IA Annual report and governance framework	25
Project management	Various projects to provide assurance on project management arrangements for IA Annual report and governance framework	30
Procurement	Provide assurance on procurement arrangements for S151 Officer, IA Annual report and governance framework	30
Review of Strategic HR	Assurance for Corporate Governance Committee, IA Annual report and governance framework to ascertain whether the service completed the action plan from last IA report and is making good progress with the service improvement action plan.	30
Corporate Governance Framework Assurance	Various projects to provide assurance for governance framework, including payments to elected members, community engagement, decision-making, service challenge process, elected member training and performance.	33
Equalities	Provide assurance for governance framework	15
Information Governance	Follow up of previous IA work to provide assurance for governance framework	5
High corporate risk assurance	Review of high inherent risks from Corporate Risk Register to provide assurance for governance framework & IA annual report	8
Sickness absence management	Provide assurance for governance framework & IA annual report and to CET on improvement of key area of concern	25
Income Controls	Assurance on financial controls S151 Officer, IA Annual report & governance framework	20
Third Party Service Provision	Assurance on significant area of expenditure and organisations providing services on behalf of DCC	20
Corporate Safeguarding	CEO request to ensure that robust arrangements in place to safeguard children and vulnerable adults across DCC and in organisations providing services on our behalf	20
Cefndy Healthcare	Assurance that robust governance arrangements are in place for Cefndy Board	10

Area of review	Main rationale for review	Plan days
Cashiers service	Assurance on financial controls S151 Officer, IA Annual report & governance framework	15
Education – Financial management in schools	Assurance on financial controls S151 Officer, IA Annual report & governance framework	20
Education – Governance arrangements in schools	Assurance for IA Annual report and governance framework	10
Education – Health & safety arrangements in schools	Assurance for IA Annual report and governance framework	10
Education – Procurement arrangements in schools	Assurance on financial controls S151 Officer, IA Annual report & governance framework	20
Education – School Fund management	Assurance on financial controls S151 Officer, IA Annual report & governance framework	10
Major flood risk	Assurance for IA Annual report and governance framework	5
Major projects–highways	Follow up of previous IA work to provide assurance on improvements for IA Annual report and governance framework	10
Legal services	Assurance for IA Annual report and governance framework	25
Coroners	Assurance for IA Annual report and governance framework	15
Development Control	Assurance for IA Annual report and governance framework	15
IT assurance work	Various projects to be agreed with new manager to provide assurance for IA Annual report and governance framework	30
Internal Audit project follow ups	Assurance for IA Annual report and governance framework that management is addressing improvement actions	40
Special investigations & fraud prevention	Provide assurance for S151 Officer, IA Annual report and governance framework. Develop fraud assurance plan and contingency days for ad-hoc investigations.	75
Total statutory assurance		724
Education–review of GwE	Ensure new regional arrangements do not detrimentally affect corporate priority to improve performance in education	15
Street Cleansing	Ensure that robust arrangements in place to deliver corporate priority to have clean and tidy streets	20
Affordable Housing	Request from Head of Service to review delivery of Corporate Priority to ensure access to good quality housing	10
Strategic regeneration	Assurance that robust arrangements in place to deliver corporate priority for reducing deprivation in parts of Rhyl will be achieved	10
Taxi & Operator Licensing	Review following on from previous systems thinking to contribute to delivery of corporate priority to modernise the Council, deliver efficiencies and improve services. Also contributes to safeguarding vulnerable people.	20

Area of review	Main rationale for review	Plan days
Housing Improvement & Area Renewals	Review to contribute to assurance on delivery of corporate priority for ensuring access to good quality housing.	15
Disabled Facilities Grants	Review following on from previous systems thinking to contribute to assurance on delivery of corporate priority to protect vulnerable people and enable them to live as independently as possible	10
Total corporate priority assurance		100
Cessation of Employment	One essential assurance project from 2013/14 not completed. Assurance for IA Annual report and governance framework	30
Contingency for other projects in progress	Contingency for completion of other projects brought forward from 2013/14	20
Total allowance from projects brought forward from 13/14		50
Health & safety arrangements in housing services	Head of Service request for review to be completed is resources available at end of year	10
Review of regional partnership on education data management	Head of Service request for review to be completed is resources available at end of year	10
Head of Service requests		20
Natural Resources Wales	External contract	110
North Wales Police contract	External contract	200
School Fund audits	School requests for audit service	15
Externally funded work		325
Consultancy & corporate areas	Contingency for committee support, consultancy, guidance, advice, working groups etc.	100
Corporate Support		100
TOTAL IA ASSURANCE PLAN		1319

Report To: Corporate Governance Committee

Date of Meeting: 21 May 2014

Lead Member / Officer: Barbara Smith – Lead Member for Modernising & Performance
Ivan Butler – Head of Internal Audit

Report Author: Ivan Butler – Head of Internal Audit

Title: 'Delivering good governance and continuous improvement'

1. What is the report about?

This is a final consultation with the Committee on the self-assessment report on the Council's governance and improvement arrangements for 2013/14.

2. What is the reason for making this report?

Corporate Governance Committee usually approves the Council's Annual Governance Statement, which this report now replaces by combining the previous governance self-assessment and corporate self-assessment. It is good practice to consult widely on the self-assessment with elected members and senior management and this is the commencement of that process.

3. What are the Recommendations?

The Committee considers and comments on:

- the content of the self-assessment; and
- whether it requires any amendments or additions to the self-assessment.

4. Report details

It is considered good practice to develop an 'annual governance statement' (AGS) that forms part of the Council's Statement of Accounts but, in the past, there has been some duplication between the self-assessment needed for the AGS and the corporate self-assessment that focused more on continuous improvement. We therefore decided to combine the documents to provide an innovative approach that saves resources and provides a joined-up approach to self-assessment within the Council.

Appendix 1 provides a Draft document called 'Delivering good governance and continuous improvement' that is now in its final stages of consultation with elected members and senior management. The CEO and Leader need to sign the agreed

final version by 30 June 2014 and it will be presented to this Committee with the Statement of Accounts in September 2014.

5. How does the decision contribute to the Corporate Priorities?

While the self-assessment itself does not directly contribute to Corporate Priorities, it provides an assessment and assurance on the delivery of the Corporate Plan, the Council's operational and financial performance, governance arrangements, community engagement etc. that are all directed towards delivering the Corporate Priorities.

6. What will it cost and how will it affect other services?

There are no costs attached to this report and the only impact on services is where the report identifies improvement areas; however, services will already be aware of these and should be building this into their service planning.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision? The completed EqIA template should be attached as an appendix to the report.

This report does not require a decision or proposal for change, so there is no impact on people who share protected characteristics.

8. What consultations have been carried out with Scrutiny and others?

The document was discussed at:

- Corporate Executive Team on 17 March 2014
- Corporate Governance Committee on 15 April 2014
- Council Briefing on 28 April 2014
- Senior Leadership Team on 1 May 2014

It has also been distributed to Cabinet members and the Wales Audit Office for comment.

9. Chief Finance Officer Statement

There are no financial implications attached to this report.

10. What risks are there and is there anything we can do to reduce them?

This is a consultation on a draft document and there are no risks identified at this stage.

11. Power to make the Decision

There is no decision required for this report but there is a requirement under the local Government (Wales) Measure 2011 for the 'audit committee' to oversee the Council's corporate governance arrangements.



Delivering good governance and continuous improvement

**Assessment of the Council's
governance and improvement
arrangements for 2013-14**

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Introduction

Why do we need an annual assessment of our governance arrangements?

Denbighshire County Council is responsible for ensuring that it has robust governance arrangements in place so that it does the right things, in the right way, for the right people, at the right time, in an inclusive, open, honest and accountable way. Good governance is essential to both the Council and the public. It supports the Council in making the right decisions, reduces the likelihood of things going wrong and protects it when problems do occur. It inspires confidence in the public that we are taking decisions for the right reasons, protecting service quality and spending public money wisely.

This document explains and assesses our governance arrangements for 2013–14 and identifies any improvements that we need to make the arrangements more robust.

Self-assessment of our arrangements

Within our annual governance review, we are required to carry out a self-assessment of our arrangements. In the past we have also carried out a corporate self-assessment showing how we achieve continuous improvement, so we have now combined these self-assessments in an approach to avoid duplication, as managing and monitoring of performance and improvement is also an important element of good governance. This innovative self-assessment helps us to understand our strengths and weaknesses in relation to the six key principles of good governance that we use in our governance framework:

Focusing on our purpose and on the outcomes for citizens and service users

Performing effectively in clearly defined functions and roles

Promoting values for the whole organisation and demonstrating good governance through our behaviour

Taking informed and transparent decisions and managing risk

Developing our capacity and capability to be effective

Engaging with local people and other stakeholders to ensure robust public accountability

Summary of our governance arrangements

Review of effectiveness

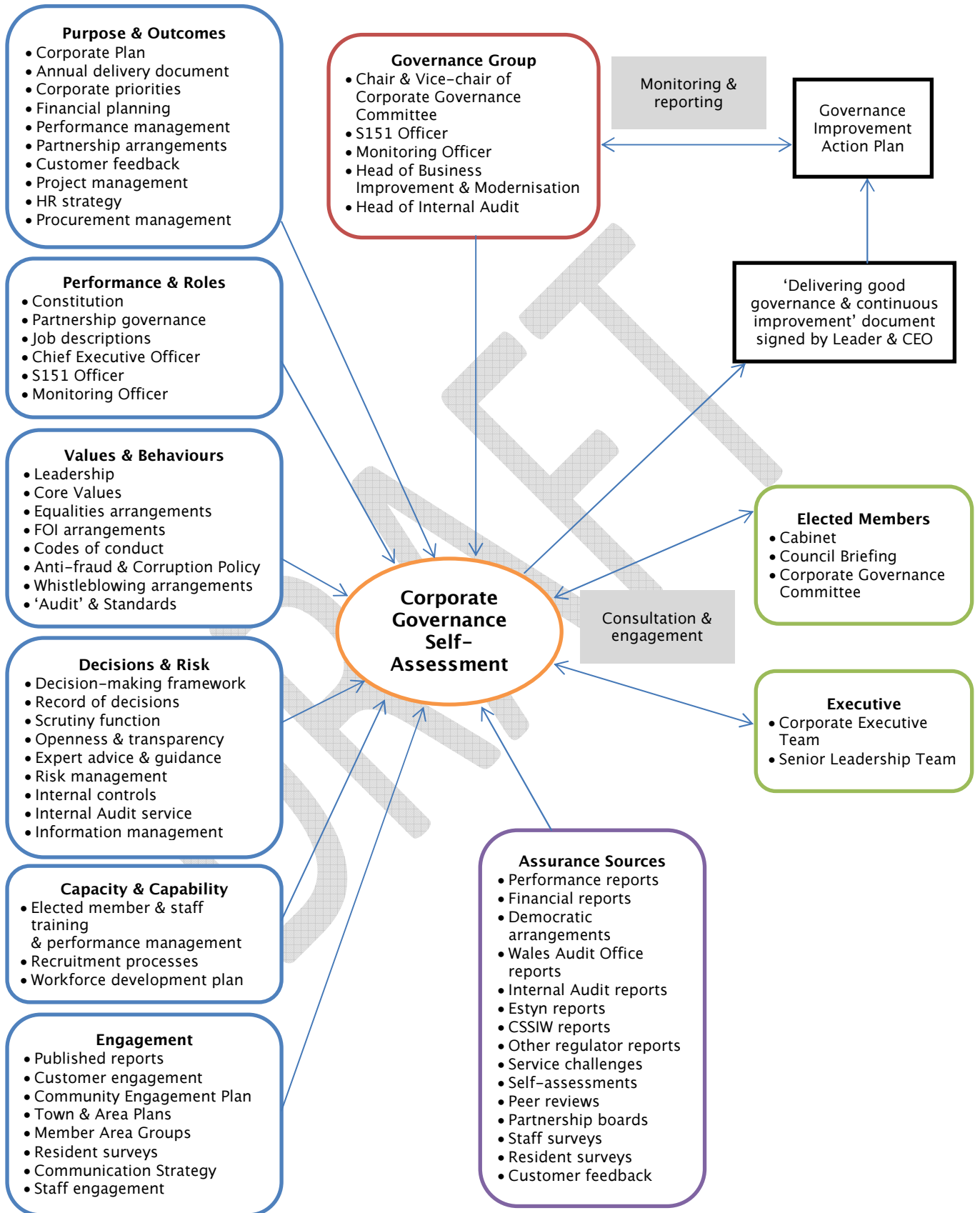
We are required to review the effectiveness of our governance arrangements each year, which includes:

- maintaining an on-going evidence framework showing how we can give assurance on our governance arrangements;
- regularly reviewing the effectiveness of the Council's Constitution;
- reviewing governance arrangements within services delivered on our behalf by partnerships, arms-length organisations etc.;
- having a Governance Group comprising the Chair and Vice-chair of the Corporate Governance Committee, Head of Finance & Assets (S151 Officer), Head of Legal & Democratic Services (Monitoring Officer), Head of Business Improvement & Modernisation, and Head of Internal Audit to monitor governance arrangements, development of our self-assessment and any action plans arising from it;
- consulting widely on our self-assessment with the Corporate Executive Team, Senior Leadership Team, Council Briefing, Cabinet and Corporate Governance Committee;
- providing training for elected members to ensure that they fully understand their roles and responsibilities relating to corporate governance; and
- using information from various sources to inform our governance arrangements, for example, service challenges, performance reports, risk management, external regulator reports, the Head of Internal Audit's Annual Report.

In summary, our self-assessment provides evidence and assurance that the Council has robust governance arrangements in place. Where we have identified areas for improvement, we have an action plan to address them (Appendix 1).

The Governance Group will monitor and report progress on the action plan to the Corporate Governance Committee on a regular basis.

Summary of our governance framework



Focusing on our purpose and on the outcomes for citizens and service users

...we are clear about what we are trying to achieve

Our Corporate Plan 2012–17 clearly shows what we are aiming to achieve and sets out our priorities for the five year period. Each year we develop a Corporate Plan Delivery Document to show what we expect to do in the forthcoming year to support the delivery of our priorities and how we will go about it. The Wales Audit Office Annual Improvement Reports conclude that we are making good progress in delivering our improvement programme, that our corporate performance management arrangements support reliable self-evaluation and that our arrangements to support improvement are good.

We have clearly stated how our corporate priorities link to our medium-term financial plan and have identified financial and staffing resources to support the delivery of our 2013–14 objectives.

However, we recognise that local government in Wales is facing enormous pressure and change. The public's expectations of our services are increasing as are the demands and needs for social care and wellbeing. In education our performance against international standards is low and must improve. Our towns and villages need investment, as do our roads. These are significant challenges at a time when our services are facing unprecedented financial cuts. All this implies that we must become better at focusing on what is really important, accepting that some services and functions will stop or be transferred to others who may be able to deliver them at lower or no extra cost.

As part of this, we will also need to review our governance arrangements to ensure that public money is spent wisely and the public continues to receive good services and value for money. We will be implementing new monitoring arrangements during 2014 to ensure that any third party or arms-length service providers have robust governance arrangements, and will implement scrutiny arrangements to monitor their financial and operational performance.

We have a comprehensive partnership governance toolkit that provides guidance to ensure that, for each partnership, there should be a clear statement of the partnership principles, objectives and proposed outcomes. It also includes guidance on measurement of service quality so that customers receive good service, however we deliver our services. However, we are aware that not all partnerships use the toolkit, so, as part of a comprehensive review of the partnership landscape, we will need to review the guidance to ensure that it is user-friendly and effective. This review will also provide a greater knowledge and understanding of partnership activity and develop a better corporate understanding of the challenges of operational partnerships.

...we make sure that service users receive a high-quality service and value for money

We monitor our performance regularly and take half-yearly reports to Scrutiny and Cabinet meetings and produce an Annual Performance Report to evaluate progress. As part of our aim to be amongst the top six performing Councils in Wales, we have introduced an 'excellence threshold' approach, prioritising improvement in areas where our performance is below that of half of the other Welsh local authorities. However, we still have some improvements to make to ensure that all services are clear about this approach to implementing corporate priorities and how they will measure success.

Will include more information on 2013/14 performance once final quarter information available in April/May

We maintained our position as the highest performing council in Wales for a third year, based on the National Strategic Indicators, performing in the:

- top quarter of councils for more indicators than anyone else (17 out of 30);
- top half of councils for more indicators than anyone else (22 out of 30);
- bottom quarter of councils for fewer indicators than anyone else (4 out of 30).

During the year, we reviewed our Service Performance Challenge programme to provide an annual challenge by senior management and elected members for all services that is significantly more robust and focused more on service performance and improvement. The Challenge uses a variety of reports and a service self-assessment to review performance against the service plan, benchmarking information and a 'need and demand' report, which highlights possible future pressures and changes in the external environment that the service may need to respond to. The new process addresses the Wales Audit Office's concerns that our assessment of performance and efficiency may have been based on too narrow a range of evidence in the past.

The Wales Audit Office provided an unqualified audit report on our financial statements for 2012-13, raising no significant issues or material weaknesses in our internal controls. Our Internal Audit service reviews our key financial systems annually and provided positive reports during the year apart from a critical report on the procurement of construction services that highlighted several weaknesses, including that our procurement strategy is out of date. Internal Audit's recent follow up of the improvement action plan shows that, although we have developed a new draft strategy and Contract Procedure Rules, progress with improvement is slow and behind schedule.

Also in procurement, we are involved in the development of some key projects:

- We are developing a business case for a sub-regional procurement service – the Three County Project, which will be a collaboration arrangement between

Denbighshire County Council, Gwynedd County Council and Flintshire County Council. This new organisation will introduce a category management approach to procurement that will bring significant economy of scale for regularly purchased commodities. At this stage it is too early to say whether this arrangement will be successful, but early indications suggest that the project could realise efficiencies of up to £4m per year, based on similar related projects undertaken in other local authorities.

- In addition to this, Denbighshire and Flintshire Councils are merging their procurement services to streamline procurement processes and have a more effective use of resources in readiness for the development of the Three County Project.
- We are implementing a new e-sourcing system and centralised invoice registration project that will also impact on the procurement function.
- The creation of the National Procurement Service has also added to the complexity of procurement arrangements and led to a loss of staff to the new organisation, with potential further staffing losses.

We are aware that we are entering a critical period in relation to strategic procurement and the major changes that we are making; therefore, we will need to keep this area under regular review to ensure that the identified improvements are implemented and that the strategic programmes of change are successfully delivered.

During the year, we have continued to improve management of our programmes and projects but realise that we still have work to do to fully embed this into the Council's culture. We have developed the Verto system and tailored it with the PRINCE2 methodology to provide a consistent approach to project and programme delivery, which is rigorous and flexible, allowing for overall improved delivery in quality, cost, time and scope of projects across the Council. We will continually improve the use of the system as a project management tool to enable closer working with performance management and the service business planning process.

There are two Corporate Programmes – Economic and Community Ambition and Modernisation, both developed in response to corporate priorities. We also have two service-led programmes – Modernising Education and Modernising Social Services. Each Programme has a Senior Responsible Owner at Corporate Director level and a dedicated Programme Manager. Each of the Programme Boards has Member representation, which includes Cabinet Members with a relevant portfolio responsibility.

Performing effectively in clearly defined functions & roles

...we are clear about the roles and responsibilities in our organisation

The Council's main governance guidance is provided in our comprehensive Constitution that:

- clearly sets out respective roles and responsibilities of elected members and officers, particularly relating to governance, although it needs to be updated to take account of changed role titles and elected member portfolios;
- includes a formal scheme of delegation and reserve powers for decision-making; and
- includes the process for holding County Council and Cabinet to account for their decisions and performance.

Our partnership governance toolkit provides guidance on defining each partner's role in the partnership, line management responsibilities for staff supporting the partnership and legal status but does not provide clear guidance on the roles of partnership board members. We have already identified the need to review this guidance, as we are aware that it is not always used by partnerships.

...we make sure that we carry out these roles and responsibilities

Our Constitution includes a protocol to ensure that elected members and employees understand each other's roles and that they work effectively together.

We have clearly identified the roles and responsibilities of key officers in the Council:

- Our CEO is responsible and accountable to the organisation for all aspects of operational management;
- Our S151 Officer is responsible for ensuring that appropriate advice is given to the organisation on all financial matters, keeping proper financial records and accounts, and maintaining an effective system of internal financial control; and
- Our Monitoring Officer is responsible for ensuring that the organisation follows agreed procedures and complies with all applicable statutes and regulations.

We have clear arrangements for the remuneration of employees and elected members.

Promoting values for the whole organisation and demonstrating good governance through our behaviour

...we ensure that our organisational values are put into practice and are effective

We have a set of core values – **Pride, Unity, Respect and Integrity** – that are well-embedded in the organisation and are clearly reflected in our Constitution, Partnership Governance Framework, Financial Regulations, Contract Procedure Rules and employee appraisal process.

Our leadership sets the tone for the organisation by creating a culture of openness, support and respect. The staff survey in 2013 reported that 83% of employees feel that the leadership team has a clear vision for the future compared to only 58% in the 2011 survey. There is also a high level of confidence (84%) in the leadership team. This same level of improved confidence is reflected at service level, with 81% believing that their service has a clear vision for the future and having confidence in their manager.

We are continuing our work to improve awareness of equalities issues. During the year we issued our Respect booklet as an introduction to equalities legislation, although Internal Audit's staff survey found that there is still work to do to improve awareness of corporate equalities arrangements. Equality Impact Assessments are now mainstreamed into our decision-making process, but we still need to improve the quality of some of these assessments and will be introducing a quality assurance process during 2014. We took part in a regional engagement event with other North Wales public sector authorities to ensure that service provision and employment practice are equally accessible to all members of the community.

...we provide leadership by behaving in ways that exemplify high standards of conduct and effective governance

We have various ways in which we demonstrate our core values and high standards of conduct and effective governance, for example:

- we have clear and transparent Freedom of Information arrangements to allow access to information;
- our codes of conduct for elected members and employees form part of induction training, although we need to ensure that we have arrangements in place to ensure that we regularly raise awareness of these codes;
- we have a register of financial interests and hospitality for elected members and employees to ensure transparency;
- we have a process for elected members to declare interests generally and in relation to specific issues and/or reports at meetings;

- we have a protocol to ensure that elected members and employees treat each other with respect and behave professionally;
- our customer feedback and complaints framework allows the opportunity for customers to comment on the behaviour of elected members and employees;
- we have an anti-fraud and corruption policy, although we have not reviewed and updated this since 2006;
- we have revised our whistleblowing procedures that enable issues to be raised freely with a wide range of people or bodies and these are currently out for consultation with trade unions;
- a recent Internal Audit review confirmed that our financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010);
- our Corporate Governance Committee recently carried out a self-assessment that confirmed that its terms of reference conform to the Local Government (Wales) Measure 2011;
- the Head of Internal Audit recently provided training to elected members on their governance responsibilities, as we realised that we had previously concentrated this training on the Corporate Governance Committee members and needed to ensure that all elected members are aware of their responsibilities;
- the Head of Internal Audit, Wales Audit Office and Chief Accountant provided specific refresher training to the Corporate Governance Committee on its role and responsibilities, as members had identified that they now have more knowledge of how the Council works and that this training may be more effective at this stage;
- the Head of Internal Audit's annual report confirmed that we operate an effective system of internal control, governance and risk management; and
- we operate an effective and impartial Standards Committee to uphold good behaviour by elected members.

One weakness that we have identified is that we do not have an environmental policy or corporate approach to environmental management that would help to demonstrate our values and ethics by committing to ensuring that we help to maintain, enhance and use natural resources sustainably now and in the future.

Taking informed and transparent decisions and managing risk

...we are rigorous and transparent about how we make decisions

We have a clear decision-making framework to show who can make what decisions and we keep a comprehensive and published record of decisions made. All key decisions include an assessment of financial implications, contribution to corporate priorities, risks and equality impacts, although we are aware that we need to carry out some quality control reviews on equality impact assessments to ensure that they are robust.

We advertise our 'public' meetings in advance so that they are open for public and media attendance and all of our reports are discussed openly unless they meet strict criteria for confidential discussion.

Our scrutiny function is effective, supported by evidence and data analysis, to challenge decision-makers constructively.

...we use good quality information, advice and support

Elected members are provided with clear, concise but comprehensive reports and advice for decision-making that clearly explains the implications of the decision. Reports should not exceed four pages and we use a corporate report template to ensure that all information is included, together with a checklist that has to be completed in all cases to confirm that all information is included in the report before submission.

We have arrangements in place to provide and record proper professional advice on matters that have legal or financial implications well in advance of decision making and at meetings.

External advice is obtained where required, particularly in specialist areas. We have also created a Corporate Research and Intelligence team, bringing together former members of the Information and Mapping and Corporate Improvement Team. The main work of the team this year has been in providing research to support the Service Challenge process, the development of the Economic and Community Ambition Strategy and upgrading the Council's internet mapping provision. The team has also worked to enhance research capacity in individual services, for example, training in geographical information systems delivered to the Housing and Community Development Service and the mapping of various new data sources for adult social services.

...we have effective risk management, information management and control systems

During the year, we updated and simplified our Risk Management Guidance, including the reporting of the Corporate Risk Register, which is now monitored by Cabinet as well as the Corporate Executive Team, giving risk management a higher profile in the organisation. The guidance is easier to follow and should help to embed risk management further in the Council's culture. We review our Corporate Risk Register formally twice a year, with each Corporate Director considering the risks that they currently manage, reviewing mitigating actions and the external environment to assess the risk score and adding new risks as appropriate. The Corporate Governance Committee monitors risk management arrangements and reviews the Corporate Risk Register.

We have an independent and objective internal audit service providing assurance across the whole range of DCC's services, including partnerships. The Head of Internal Audit's annual report confirmed that we operate a robust system of financial and operational internal controls. The service has not yet carried out the required self-assessment review to ensure that it complies with the new Public Sector Internal Audit Standards but plans to do this early in 2014/15.

We discuss any reports of external regulators at the relevant management and elected member levels and monitor action plans arising from their reviews.

Information management was a significant governance weakness in our last two Annual Governance Statements following adverse internal and external audit reports. We have now made significant improvements to address this by forming a Corporate Information Team. In particular, we have:

- appointed a Corporate Information Manager;
- launched an Information Management Strategy;
- provided access to information training;
- achieved Public Sector Network (PSN) accreditation;
- developed an Information Assets Register;
- appointed an Access to Information Officer to manage the increasing number of access to information requests; and
- made good progress with rolling out EDRMS (electronic document records management system).

However, we recognise that we still have a lot of work to do but have identified this in our Information Management Strategy, for example:

- develop e-learning modules for several areas of training;
- improve the policy framework in areas such as email, records management and information security;
- digitise catalogues and collections in our archives;
- enhance our Publication Scheme and Disclosure Logs;

- revise and embed the corporate retention schedule; and
- achieve PSN accreditation for 2014.

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Developing our capacity and capability to be effective

...we make sure that our elected members and employees have the required resources, skills, knowledge and experience they need to perform well

We have elected member and employee induction programmes to ensure that key information is imparted at an early stage and have recently rolled out new induction and refresher training to services and carried out an 'audit' of recently recruited members of staff to ensure that it is being carried out. It is a much improved process and significantly more inductions are being carried out.

Our performance management framework for Cabinet and individual Lead Members assesses their performance and helps to address improvement needs; however, we need to assess how well this works in practice and whether it is leading to improvement.

Scrutiny Committees produce annual reports on their work to County Council but the Corporate Governance Committee's self-assessment highlighted that it had not formed part of this performance monitoring arrangement in recent years. It will address this in May 2014 to report on this year's performance.

Employees receive annual performance appraisals, resulting in training and development plans to help them achieve their objectives and fulfil their roles effectively. We have improved performance in this area during the year, with 90% of eligible employees receiving an annual appraisal.

We are trying to modernise the way we work so we can use valuable time and resources better. The Modernisation Board has initiated several projects that create service delivery efficiencies and we have developed a Flexible Working Policy Statement and guidance that sets out how we expect employees to work in the future and also what support we can provide. To improve our efficiency and mobility, we are:

- rolling out new IT equipment;
- reviewing our office accommodation requirements;
- agreeing a hot-desk policy;
- rolling out EDRMS to more services;
- implementing Central Invoice Registration, which will reduce the number of invoices not paid on time and avoid late payment fines; and
- developing a Customer Access Strategy to look at future service delivery, customer requirements, how technology can support service delivery and how we can manage customer data to improve services.

...we ensure that we can continue to perform effectively during periods of change

Strategic HR Business Partners undertake a workforce planning exercise with each service annually to identify their priorities for the coming 12 months. This enables HR to understand and prioritise the level and timing of support that services may require. The discussions with services cover service aims and priorities, workforce profile, upcoming challenges and risks, resource and skills gaps and critical posts. This allows HR to develop a Workforce Priority Plan, agreed with the Senior Leadership Team. In addition, the data collected from performance appraisals enables us to identify corporate people development priorities for the coming 12 months.

To help develop potential senior managers of the future, we use Middle Managers conferences to engage them and we have appointed a new cohort of 'yr Hwb', consisting of members of staff across the organisation and engaging them in change activities, providing them with mentorship, training and experience in skills that maybe under-utilised in their usual day to day role.

We are developing a process for the strategic allocation of resources to project management. A risk with the current business model (where our project management team relies on income from project management) is that fee-earning capital projects can take priority over important corporate improvement projects, as the fees are required to fund the salaries of our corporate project managers. With the completed training, some services may decide to manage projects themselves, therefore enabling project managers to gain the experience following their qualification.

Our Volunteering Strategy offers a useful starting point for developing corporate vision for volunteering. We will develop this Strategy to take into account developments across the county in areas such as time-banking pilots, partnership working, and developing initiatives to support employees to volunteer their time and expertise to benefit their communities.

Engaging with local people and other stakeholders to ensure robust public accountability

...we take an active and planned approach to dialogue with and accountability to our external regulators

We take a proactive approach to external regulation, for example:

- regular meetings to discuss developments, their work and outcomes;
- involving and consulting them on key decisions that may affect our governance arrangements;
- acting on any improvements that they identify in their reports; and
- presenting their reports to the relevant committees to keep elected members informed.

...we engage effectively with the public and other stakeholders

We publish our Annual Statement of Accounts, including this self-assessment of our governance and improvement, on our website and it is open for public inspection and challenge for the designated period. We also publish our Annual Performance Report so that the public can see how well we are performing in the delivery of our Corporate Plan.

Our customer feedback and complaints framework provides the opportunity for customers to comment on our services. We listen to these views when deciding on service planning and improvement.

We have improved our community engagement during the year, for example:

- launching our Corporate Community Engagement Strategy and Toolkit, which is on our intranet and is a useful resource for all services. The next step is to ensure that the Strategy becomes embedded in the engagement philosophy of all services so that minimum standards are adopted;
- undertaking further work to manage our on-line consultation polices and use of on-line survey tools such as 'Survey Monkey'; and
- adopting the National Principles of Public Engagement.

We carried out a resident survey during the year with over 2000 residents taking part. Some of the key points arising from the survey are that:

- most residents are satisfied with their local area as a place to live and feel safe;
- most are satisfied with the overall level of cleanliness of the streets in their local area;

- most are satisfied with the range of shops, services, parking and cleanliness in their town centre but mainly dissatisfied with the availability of entertainment for young people and job opportunities;
- most are satisfied with the condition of the county's roads and pavements;
- most feel that the Council provides good value for money, is efficient and well run but do not feel well-informed about the Council's performance and a range of other issues asked in the survey; and
- most are satisfied with the level of customer service they receive.

In addition to the resident survey, services carry out individual engagement and consultation, usually on a specific issue, for example on our review of schools provision, or for user feedback. These influence current and future delivery of services.

The Council is the lead partner in delivering an Engagement Strategy and Action Plan on behalf of the Local Services Board (LSB). A working group, chaired by the Council is delivering work packages as part of the Strategy's action plan.

We reviewed Member Area Groups (MAGs) during 2013 to consider their effectiveness and efficiency, and to assess how well they meet their objectives and terms of reference. All of the recommendations arising from the review have been implemented and their terms of reference reviewed. We are also commencing a review of the Town and Area Plan process to assess how the Plans will help to deliver our corporate priorities, what impact the Plans will have, whether they represent value for money and whether they have robust and effective governance arrangements in place.

We have completed and initiated several actions that have either changed or will change our engagement with businesses:

- The Leader and/or Corporate Director aim to visit the top 10 businesses in the county annually to provide an opportunity for senior Council representatives to hear from and speak with our most influential local businesses.
- We have developed a business survey that we intend to run annually and will soon be issued to provide an initial baseline for the programme and annual performance information. The majority of questions are seeking to build our knowledge and understanding of businesses in the county, their priorities and preferred communication and engagement methods.
- We have received very positive feedback from business and community respondents to the Economic and Community Ambition Strategy Consultation Programme and there is already evidence of positive feedback from businesses that we provide supportive and helpful regulatory services, so we are building on a positive relationship, adding more value.

- We have organised a high profile business engagement event for April 2014 where we will be building relationships, explaining our approach and seeking further business feedback.
- We have set targets for increasing the amount of procurement spend that goes to local businesses and started work on a local supplier engagement and development programme.
- We have progressed discussions on the creation of a multi-agency business advice and support partnership and potential one stop shop website.

However, it has become apparent that we are starting from a very low base, where the value of effective business engagement is only just being recognised, which means that we have a lot more work to do before we see the benefits that result from the above developments. We need to ensure that effective opportunities exist for businesses to provide feedback on the delivery of the Economic and Community Ambition Strategy / Programme and identify what we need to do to make engagement with the Council a valuable activity for businesses. In the longer term, as key stakeholders in the delivery of the overall vision for our economy, we need to increase business participation in making decisions about how we plan and invest Council budgets and resources for greatest economic effect.

...we take an active and planned approach to responsibility to our staff

We have a human resources strategy, policies, procedures, workforce planning etc. to help manage our staffing resources effectively, consistently and fairly. Our Strategic HR service is working on a major programme to improve its performance since being identified as a significant governance issue in last year's Annual Governance Statement. The service has also reported its progress on implementing improvements arising from an adverse Internal Audit report to the Corporate Governance Committee. There are still concerns over the delivery of the improvement programme, so, to ensure that it has assurance that the service has improved and is making good progress, the Committee requested a further internal audit review in April 2014.

We have a variety of ways to ensure that we involve our employees and their representatives in decision-making. We carry out regular staff surveys and the 2013 survey resulted in an increased response rate from 37% to 44.6% over the 2011 survey. The latest survey highlighted that:

- more employees (83%) are proud to work for the Council;
- more employees (88%) are satisfied with the Council as an employer;
- over 90% of employees stated that they enjoy their work, know what is expected of them and get on well with their colleagues;
- change management has improved, but can perhaps be better, as only 60% feel that we plan and deliver changes well; and

- communication has improved, but can perhaps be better, as only 64% feel well informed about what is going on in their service.

Our whistleblowing procedures ensure that employees can raise issues of concern freely with a wide range of people/bodies.

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Significant governance issues

Last year's Annual Governance Statement included two significant governance issues relating to Strategic Human Resources and information governance. We have taken steps to improve both areas during the year so that they are no longer considered as significant governance issues, but we have highlighted above that we still have work to do in both areas.

The issues in the table below, together with any less significant issues that we have identified in our self-assessment above, will be added to our Governance Assurance Framework Action Plan managed by the Council's Governance Group and monitored by the Corporate Governance Committee (Appendix 1)

Significant Governance Issue 1

In future, we accept that some services and functions will stop or be transferred to others who may be able to deliver them at lower or no extra cost. We need to review our governance arrangements to take account of this, ensuring that public money is spent wisely and the public continues to receive good services and value for money.

Proposed action to address the issue

We will be implementing new monitoring arrangements during 2014 to ensure that any third party or arms-length service providers have robust governance arrangements, and will implement scrutiny arrangements to monitor their financial and operational performance.

Responsibility for the action

Initial review by Head of Internal Audit, which will lead to further action plan for implementation of new arrangements

Timescale for improvement

Preliminary report by 31 May 2014, with further action plan for implementation of new arrangements to be agreed

Significant Governance Issue 2

Our Internal Audit provided a critical report on the procurement of construction services that highlighted several weaknesses, including that our procurement strategy is out of date. Internal Audit's recent follow up of the improvement action plan shows that, although we have developed a new draft strategy and Contract Procedure Rules, progress with improvement is slow and behind schedule.

Also in procurement, we are involved in the development of some key projects but the creation of the National Procurement Service has also added to the complexity of procurement arrangements and led to a loss of staff to the new organisation, with potential further staffing losses.

We are aware that we are entering a critical period in relation to strategic procurement and the major changes that we are making; therefore, we will need to keep this area under regular review to ensure that the identified improvements are implemented and that the strategic programmes of change are successfully delivered.

Proposed action to address the issue	There is a separate action plan for dealing with the issues raised in the Internal Audit report. <i>Need to discuss further proposed actions with Head of Finance & Assets</i>
Responsibility for the action	<i>Need to discuss further proposed actions with Head of Finance & Assets</i>
Timescale for improvement	<i>Need to discuss further proposed actions with Head of Finance & Assets</i>

We propose over the coming year to take steps to address the above matters to enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: (Leader)2014

Signed: (Chief Executive)2014

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Appendix 1 – Governance Improvement Action Plan

Improvement Area	Action	Responsibility	Timescale
Significant Governance Issues			
<p>In future, we accept that some services and functions will stop or be transferred to others who may be able to deliver them at lower or no extra cost. We need to review our governance arrangements to take account of this, ensuring that public money is spent wisely and the public continues to receive good services and value for money.</p>	<p>We will be implementing new monitoring arrangements during 2014 to ensure that any third party or arms-length service providers have robust governance arrangements, and will implement scrutiny arrangements to monitor their financial and operational performance.</p>	<p>Initial review by Head of Internal Audit, which will lead to further action plan for implementation of new arrangements</p>	<p>Preliminary report by 31 May 2014, with further action plan for implementation of new arrangements to be agreed</p>

Improvement Area	Action	Responsibility	Timescale
<p>Our Internal Audit provided a critical report on the procurement of construction services that highlighted several weaknesses, including that our procurement strategy is out of date. Internal Audit's recent follow up of the improvement action plan shows that, although we have developed a new draft strategy and Contract Procedure Rules, progress with improvement is slow and behind schedule.</p> <p>Also in procurement, we are involved in the development of some key projects but the creation of the National Procurement Service has also added to the complexity of procurement arrangements and led to a loss of staff to the new organisation, with potential further staffing losses.</p> <p>We are aware that we are entering a critical period in relation to strategic procurement and the major changes that we are making; therefore, we will need to keep this area under regular review to ensure that the identified improvements are implemented and that the strategic programmes of change are successfully delivered.</p>	<p>There is a separate action plan for dealing with the issues raised in the Internal Audit report. <i>Need to discuss further proposed actions with Head of Finance & Assets</i></p>	<p><i>Need to discuss further proposed actions with Head of Finance & Assets</i></p>	<p><i>Need to discuss further proposed actions with Head of Finance & Assets</i></p>

Improvement Area	Action	Responsibility	Timescale
Partnership Governance			
<p>We are aware that not all partnerships use the toolkit, so, as part of a comprehensive review of the partnership landscape, we will need to review the guidance to ensure that it is user-friendly and effective. This review will also provide a greater knowledge and understanding of partnership activity and develop a better corporate understanding of the challenges of operational partnerships.</p>			
<p>Our partnership governance toolkit provides guidance on defining each partner's role in the partnership, line management responsibilities for staff supporting the partnership and legal status but does not provide clear guidance on the roles of partnership board members. We have already identified the need to review this guidance, as we are aware that it is not always used by partnerships.</p>			
Constitution			
<p>The Council's main governance guidance is provided in our comprehensive Constitution that clearly sets out respective roles and responsibilities of elected members and officers, particularly relating to governance, although it needs to be updated to take account of changed role titles and elected member portfolios.</p>			

Improvement Area	Action	Responsibility	Timescale
Our codes of conduct for elected members and employees form part of induction training, although we need to ensure that we have arrangements in place to ensure that we regularly raise awareness of these codes.			
Equalities			
We are continuing our work to improve awareness of equalities issues. But Internal Audit's staff survey found that there is still work to do to improve awareness of corporate equalities arrangements.			
Equality Impact Assessments are now mainstreamed into our decision-making process, but we still need to improve the quality of some of these assessments and will be introducing a quality assurance process during 2014.			
Policy Framework			
We have an anti-fraud and corruption policy, although we have not reviewed and updated this since 2006.			
We do not have an environmental policy or corporate approach to environmental management that would help to demonstrate our values and ethics by committing to ensuring that we help to maintain, enhance and use natural resources sustainably now and in the future.			

Improvement Area	Action	Responsibility	Timescale
Regulations & Standards			
<p>We have an independent and objective internal audit service providing assurance across the whole range of DCC's services, including partnerships. The service has not yet carried out the required self-assessment review to ensure that it complies with the new Public Sector Internal Audit Standards but plans to do this early in 2014/15.</p>	<p>Self-assessment review against Public Sector Internal Audit Standards and report outcome to Corporate Governance Committee</p>	<p>Head of Internal Audit</p>	<p>Review complete by 30 September 2014 and reported to next available committee meeting</p>
<p>We have made significant improvements in information governance during the year; however, we recognise that we still have a lot of work to do but have identified this in our Information Management Strategy, for example:</p> <ul style="list-style-type: none"> • develop e-learning modules for several areas of training; • improve the policy framework in areas such as email, records management and information security; • digitise catalogues and collections in our archives; • enhance our Publication Scheme and Disclosure Logs; • revise and embed the corporate retention schedule; and • achieve PSN accreditation for 2014. 			

Improvement Area	Action	Responsibility	Timescale
Elected Members			
Our performance management framework for Cabinet and individual Lead Members assesses their performance and helps to address improvement needs; however, we need to assess how well this works in practice and whether it is leading to improvement.			
Scrutiny Committees produce annual reports on their work to County Council but the Corporate Governance Committee's self-assessment highlighted that it had not formed part of this performance monitoring arrangement in recent years.			
Stakeholder Engagement			
Our latest resident survey highlighted that most people do not feel well-informed about the Council's performance and a range of other issues asked in the survey.			

Improvement Area	Action	Responsibility	Timescale
<p>The value of effective business engagement is only just being recognised, which means that we have a lot more work to do before we see the benefits that result from recent developments. We need to ensure that effective opportunities exist for businesses to provide feedback on the delivery of the Economic and Community Ambition Strategy / Programme and identify what we need to do to make engagement with the Council a valuable activity for businesses. In the longer term, as key stakeholders in the delivery of the overall vision for our economy, we need to increase business participation in making decisions about how we plan and invest Council budgets and resources for greatest economic effect.</p>			
<p>Our Strategic HR service is working on a major programme to improve its performance since being identified as a significant governance issue in last year's Annual Governance Statement. The service has also reported its progress on implementing improvements arising from an adverse Internal Audit report to the Corporate Governance Committee. There are still concerns over the delivery of the improvement programme.</p>	<p>Internal Audit review to assess progress with improvement. Report to Corporate Governance Committee on outcome of review.</p>	<p>Head of Internal Audit</p>	<p>Review complete by 30 June 2014 and reported to next available committee</p>

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Report To: Corporate Governance Committee

Date of Meeting: 21st May 2014

Lead Member / Officer: Councillor Julian Thompson-Hill /Paul McGrady

Report Author: Richard Weigh, Chief Accountant

Title: Budget Process 2015/16

1. What is the report about?

The report gives an update on the process to deliver the revenue budget for 2015/16.

2. What is the reason for making this report?

The Corporate Governance Committee has an oversight role of the budget process.

3. What are the Recommendations?

To consider the latest update and comment as appropriate.

4. Report details

Since the last Corporate Governance Committee meeting, the main activity has been to take a paper on the budget process to Council Briefing (28th April) and to confirm the dates for the member budget workshops. Invites have now been sent to all elected members and the details of the July workshops are shown in the table below:

Table 1 – July Member Budget Workshops & Draft Agendas

Workshop 1 (9th July – all day)	Workshop 2 (14th July – all day)	Workshop 3 (30th July - afternoon)
Highways & Environment	Education & Schools	Adults & Business Services
Communication, Marketing & Leisure	Finance & Assets	Children & Family Services
Housing & Community Development	Business Improvement & Modernisation	Planning & Public Protection
	Strategic HR	
	Legal & Democratic Services	

Freedoms & Flexibilities budget meetings with services, service lead members and CET have all now been arranged and the schedule is as follows:

Table 2 – Schedule of Freedoms & Flexibilities Service Budget Meetings

Service	Date
Adults & Business Services	7 th May
Business Improvement & Modernisation	13 th May
Communication, Marketing & Leisure	22 nd May
Children & Family Services	29 th May
Legal & Democratic Services	30 th May
Housing & Community Development	5 th June
Schools, School Improvement, Customers & Education Support	17 th June
Strategic HR	25 th June
Planning & Public Protection	25 th June
Finance & Assets	26 th June
Highways & Environment	30 th June

A verbal update on the outcome of the first two meetings will be provided to the Corporate Governance Committee on 21st May and the papers and a note of the outcome of the meetings will be published on Modern.gov.

The table of key Events remains largely unchanged but an updated version is shown below:

Key Events	Dates	Status
Corporate Governance Committee	15 th April 2014	Completed
Council Briefing	28 th April	Completed
First Round of Budget Meetings with Services	7 th May – 30 th June	All meetings arranged
Update to Cabinet Briefing	12 th May	
CET Review of Process	19 th May	
Update to Corporate Governance Committee	21 st May	
Update to Cabinet Briefing	2 nd June	
Update to Corporate Governance Committee	2 nd July	
Update SLT	3 rd July	
Update to Cabinet Briefing	7 th July	
First Member Budget Workshop	9 th July	Invites Issued
Second Member Budget Workshop	14 th July	Invites Issued
Third Member Budget Workshop	30 th July	Invites Issued
Update to Corporate Governance Committee	3 rd September	
County Council	9 th September	
Second Round of Budget Meetings with Services	September/early October	
Update to Cabinet Briefing	22 nd September	
Update SLT	2nd October	
Update to Cabinet Briefing	6 th October	
Fourth Member Budget Workshop	13 th October	Invites Issued
Fifth Member Budget Workshop	20 th October	Invites Issued
Update to Cabinet Briefing	3 rd November	
Update to Corporate Governance Committee	5 th November	

Update to Cabinet Briefing	8 th December	
County Council	9 th December	
Sixth Member Budget Workshop	12 th December	Invites Issued
Update to Corporate Governance Committee	17 th December	
County Council	3 rd February 2015	

5. How does the decision contribute to the Corporate Priorities?

Effective management of the council's budgets and delivery of the agreed budget strategy underpins activity in all areas, including corporate priorities.

6. What will it cost and how will it affect other services?

The council needs to deliver savings of approximately £12m over the next two financial years.

7. What are the main conclusions of the Equality Impact Assessment (EqIA) undertaken on the decision?

An EqIA will be completed for all relevant proposals as the process develops.

8. What consultations have been carried out with Scrutiny and others?

The process has been considered by CET, SLT, Cabinet Briefing, Council Briefing and the Corporate Governance Committee.

9. Chief Finance Officer Statement

This will be an extremely challenging process with some tough decisions to make along the way. The engagement and support of elected members in the decision making and scrutiny of the process is crucial.

10. What risks are there and is there anything we can do to reduce them?

This is the most challenging financial period the council has faced and failure to deliver an effective budget strategy will put further pressure on services in future financial years.

11. Power to make the Decision

Local authorities are required under Section 151 of the Local Government Act 1972 to make arrangements for the proper administration of their financial affairs.

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Corporate Governance Committee Forward Work Programme

2 July 2014		Standing Items		
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator, Rhian Evans	
	2	Recent External Regulatory Reports Received	Corporate Improvement, Alan Smith / Craig Berry Cllr Barbara Smith	
	3	Internal Audit Progress Report	Head of Internal Audit Services, Ivan Butler / Cllr Julian Thompson-Hill	
	4	Feedback on Corporate Equality Meeting – verbal report	Councillors Martyn Holland / Hugh Evans	
	5	Forward Work Programme		
Page 97		Reports		
	6	Budget Process 2015/16	Head of Finance & Assets, Paul McGrady	
	7	Report on Arm's Length Companies	Head of Legal & Democratic Services, Gary Williams	
	8	Procurement of Construction Services - Update	Head of Internal Audit Services, Ivan Butler	
	9	Blessed Edward Jones RC High School – Update	Head of Internal Audit Services, Ivan Butler	
	10	Financial Payment to Care Leavers - Update	Head of Internal Audit Services, Ivan Butler	
	11	Strategic Human Resources Internal Audit Report - Update	Head of Internal Audit Services, Ivan Butler	
	12	Staff Survey Issues	Head of Legal & Democratic Services, Gary Williams	
3 Sept 2014		Standing Items		
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator, Rhian Evans	

Corporate Governance Committee Forward Work Programme

	2	Recent External Regulatory Reports Received	Corporate Improvement, Alan Smith / Craig Berry Cllr Barbara Smith	
	3	Internal Audit Progress Report	Head of Internal Audit Services, Ivan Butler / Cllr Julian Thompson-Hill	
	4	Feedback on Corporate Equality Meeting – verbal report	Councillors Martyn Holland / Hugh Evans	
	5	Forward Work Programme		
		Reports		
	6	Budget Process 2015/16	Head of Finance & Assets, Paul McGrady	
Page 98		Standing Items		
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator, Rhian Evans	
	2	Recent External Regulatory Reports Received	Corporate Improvement, Alan Smith / Craig Berry Cllr Barbara Smith	
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	5	Forward Work Programme		
		Reports		
	6		Head of Finance & Assets, Paul McGrady	
		Standing Items		
5 Nov 2014	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator, Rhian	

Corporate Governance Committee Forward Work Programme

			Evans	
	2	Recent External Regulatory Reports Received	Corporate Improvement, Alan Smith / Craig Berry Cllr Barbara Smith	
	3	Internal Audit Progress Report	Head of Internal Audit Services, Ivan Butler / Cllr Julian Thompson-Hill	
	4	Feedback on Corporate Equality Meeting – verbal report	Councillors Martyn Holland / Hugh Evans	
	5	Forward Work Programme		
		Reports		
	6	Budget Process 2015/16	Head of Finance & Assets, Paul McGrady	
Page 99	Dec 2014	Standing Items		
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator, Rhian Evans	
	2	Recent External Regulatory Reports Received	Corporate Improvement, Alan Smith / Craig Berry Cllr Barbara Smith	
	3	Internal Audit Progress Report	Head of Internal Audit Services, Ivan Butler / Cllr Julian Thompson-Hill	
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	5	Forward Work Programme		
		Reports		
	6	Budget Process 2015/16	Head of Finance & Assets, Paul McGrady	

Corporate Governance Committee Forward Work Programme

28 Jan 2015		Standing Items		
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator, Rhian Evans	
	2	Recent External Regulatory Reports Received	Corporate Improvement, Alan Smith / Craig Berry Cllr Barbara Smith	
	3	Internal Audit Progress Report	Head of Internal Audit Services, Ivan Butler / Cllr Julian Thompson-Hill	
	4	Feedback on Corporate Equality Meeting – verbal report	Councillors Martyn Holland / Hugh Evans	
	5	Forward Work Programme		
		Reports		
150	March 2015	Standing Items		
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator, Rhian Evans	
	2	Recent External Regulatory Reports Received	Corporate Improvement, Alan Smith / Craig Berry Cllr Barbara Smith	
	3	Internal Audit Progress Report	Head of Internal Audit Services, Ivan Butler / Cllr Julian Thompson-Hill	
	4	Feedback on Corporate Equality Meeting – verbal report	Councillors Martyn Holland / Hugh Evans	
	5	Forward Work Programme		
		Reports		

Corporate Governance Committee Forward Work Programme

20 May 2015		Standing Items		
	1	Issues Referred by Scrutiny Committees	Scrutiny Coordinator, Rhian Evans	
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	5	Forward Work Programme		
		Reports		

NB The exact date of publication of occasional reports by for example Wales Audit Office or Annual Reports by the Ombudsman are not presently known. They will be assigned a meeting date as soon as practicable.

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